

RAMOTSHERE MOILOA LOCAL MUNICIPALITY

2013/14

DRAFT ANNUAL REPORT

VOLUME I

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ACRONYMS

CDW	Community Development Workers
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
CWP	Community Works Program
DoE	Department of Energy
DoRA	Division of Revenue Act
DCS	Director: Corporate Services
DCS	Director: Community Services
DTS	Director: Technical Services
DWA	Department of Water Affairs
EIA	Environmental Impact Assessment
EPWP	Expanded Public Works Program
ESKOM	Electricity Supply Commission
EXCO	Executive Committee
FMG	Financial Management Grant
GIS	Geographical Information Systems
GRAP	Generally Recognized Accounting Practices
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
KPA	Key Performance Areas
KPI	Key Performance Indicators
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTAS	Municipal Turnaround Strategy
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa

NT	National Treasury
OHSA	Occupational Health and Safety Act
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PPP	Public Private Partnership
RMLM	Ramotshere Moiloa Local Municipality
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise

CHAPTER 1 – INTRODUCTION AND OVERVIEW

1.1: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The Annual Report of Ramotshere Moiloa Local Municipality draws a curtain on the Financial Year 2013/14, which is the fourth year of the term of office of the Political Leadership after the Local Government Elections in May 2011

It reflects the key milestones achieved by the municipality in its quest to improve the life of the community, through the delivery of accessible, affordable and good quality services.

Most importantly, the report also reflects the municipality's limitations and constraints encountered during the reporting period, which will have to be addressed going forward. It is of critical importance that we learn equally from our achievements, as well as from our oversights and limitations.

The Annual Report of Local Municipality is a public document. In the process of drafting it, public participation is of paramount importance. The communities' inputs are solicited and the Oversight Committee sit and peruse the tabled report. We are open and transparent in this matter.

Our programs are aligned with the Provincial Growth and Development Strategy, the Integrated Development Plan and the Budget. The trust that the community of Local Municipality has placed in the municipality, after the Local Government elections cannot be betrayed. We will spare no effort in ensuring that the municipality continuously enhances the quality of the services it offers. The municipality still continues to wrestle and struggle with the following;

- Limited financial resources to address all IDP priorities
- High levels of poverty, unemployment and indigence
- The scourge of HIV/AIDS Pandemic
- Water Shortages particularly in the rural areas
- An increase in the number of Child Headed Families
- Poor relationship with Ngaka Modiri Molema District in as far as water provision is concerned

It is our resolute believe that the 2013/2014 Annual Report highlights a large number of the positives that exist in Ramotshere Moiloa Local Municipality, that viewed collectively, should give our people a sense of hope and optimism that we are serious about achieving our vision, sooner rather than later.

As we leap forward into the next financial years, we do so filled with a deep sense of appreciation of the challenges that lie ahead. These include overhauling a municipality that has at best produced mixed outcomes, and converting it to a well-oiled machinery that meets the service delivery needs and expectations of our community who depend on it.

.....

A.N.THALE

MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.2. MUNICIPAL MANAGER'S OVERVIEW

The compilation of the Annual Report is guided by Section 46 of the Municipal Systems Act (MSA) 32 of 2000 and Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003. Section 46 (1) of the MSA stipulate that *A municipality must prepare for each financial year a performance report reflecting;*

- (a) the performance of the municipality and of each external service provider during the financial year;*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) measure taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA) 56 of 2003.

Section 121 of the MFMA states that:

Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

(2) The purpose of an Annual Report is;

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
- (b). to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- (c.) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Subsections (3) and (4) continue to prescribe the contents of the annual reports for both the municipality and municipal entities. During the oversight process, to which the draft Annual Report will be subjected, compliance with these legislative requirements will be analysed.

KEY PERFORMANCE AREAS:

In line with the five year strategic priorities of local government, the municipality's performance for the 2013/ 2014 financial may be summarized according to the following National Key Performance Areas:

1. Basic Service Delivery and Infrastructure;
2. Local Economic Development;
3. Municipal Financial Viability and Management;
4. Good Governance and Public Participation; and
5. Municipal Transformation and Organisational Development.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE:

This KPA is characterized by the following broad outcomes:

- Clean, safe and healthy municipality.
- Universal access to quality, affordable, reliable municipal services.
- Regular investment in infrastructure & productive equipment.
- To this end, during the 2013/ 2014 financial year, the following milestones have been Achieved;
- In depth assessment of electricity infrastructure which gave a clear indication of the challenges we have in electricity supply in order for us to plan and budget appropriately to deal with electricity challenges.
- Implementation of street light maintenance programme.
- Adoption of various Policies by Council aimed at enhancing Service Delivery.
- The unbundling of our Infrastructure Assets in compliance with GRAP 17.

2. LOCAL ECONOMIC DEVELOPMENT:

The broad outcomes contained within this KPA include:

- Thriving and vibrant local economy & neighbourhoods.
- Ongoing programme of contributing to the development of employable, educated, skilled citizenry.
- Facilitation of job creation and access to business opportunities.
- Continuous and positive interaction with all key economic anchors and stakeholders.

During the 2013/ 2014 financial year, the following gains have been achieved towards the advancement of Local Economic Development

- Council Adopted the LED Strategy, Rural Development Strategy, Heritage Data Base.
- The Brickmaking Machine has been commissioned and will come into full operation in the current financial year

- The Environmental Impact Assessment Studies for the Zeerust Chicken Abattoir is almost finalized, the project is expected to commence in the second quarter of the 2014/2015 Financial Year.
- The Land Disposal Policy was reviewed by Council
- SMME's received training during the 2013/2014 financial year

The Community Works Programme is implemented in ten of the twenty Wards of the Municipality. A total of 1800 people are employed in the programme. The other remaining Wards employed a total of 1497 through EPWP Programme

Expanded Public Works Programme workers.

Nine (9) Projects were given Start Up assistance in the Wards.

A total of one hundred and forty five (145) Cooperatives were registered throughout the financial year.

Housing

A total of eight hundred fifty three RDP Houses were build .Six hundred houses in Groot Marico , two hundred and fifty houses in Kruisrivier and three emergency houses in Ikageleng.

3. Municipal Financial Viability and Management

Finances are the 'heart-beat' of any municipality as without the necessary resources, it will not be possible for municipalities to deliver on its developmental mandate as per Sections 152 and 153 of the Constitution. Towards this end, the broad outcomes included in this KPA include the following;

- Sound financial management systems.
- Development of annual and medium term outlook on revenue and expenditure plans and targets
- Reduced dependency on grant transfers
- Timely and accurate accounting of public resources

With a view to stabilizing and improving the financial state of the municipality in the period post-administration, the following milestones have been achieved

- Filling of all critical vacant posts in the Budget & Treasury office
- Initiated the process to improve Financial Management System
- Official in the Finance Department do walkabouts in CBD area, this with a view of enhancing Revenue Collection
- Measures to collect government debt have been put in place
- Section 71 & 72 reports have been prepared in line with the legislative requirements as

per the MFMA

- Timeous adoption of the budget, IDP and SDBIP
- All budget related policies reviewed and adopted with the budget
- Stabilized cash flow- daily, weekly & monthly cash flow reports
- Increased grant expenditure
- Engagements with Farmers with regards to Property Rates are continuously embarked on reviewing meter reading, meter audit and the entire billing system.
- Attending to revenue protection (water and electricity losses) this is a continuous process.
- The Municipality has successfully switched the electricity Vending Systems from Cash Power to Conlog

4. Good Governance and Public Participation

Chapter four of the Municipal Systems Act deals extensively with the requirements of developing a culture of community participation. Towards developing a system of participatory governance, this KPA includes the following broad outcomes

- Functional community participation mechanisms and ward committees.
- Established feedback mechanisms – responsiveness to communities.
- Continuous and special attention to historically disadvantaged and excluded community.
- Equal, easy and convenient access to municipality and its services.

Towards achieving the above broad outcomes, the following successes were realized during the 2013/ 2014 financial year

- Developed and implemented the strategic planning processes inclusive of community Participation linked directly to the approved IDP process plan.
- Public hearings on the proposed rates, tariffs and charges.
- Functional ward committee system.
- Adopted community participation framework.
- Provision of Standby Services for 365 days in year.
- Approved Communications Policy and the Public Participation Policy.
- All Council Meetings were convened as planned in the programme adopted by Council.

Municipal Transformation and Organizational Development:

Comprised mainly of the various support services internal to the municipality, this KPA plays an important role in ensuring that internal processes and systems of control are in place in order to

support the role of the municipality as it delivers services to the community. The broad outcomes include;

- An IDP that is the expression of state-wide planning as a whole.
- The IDP the Municipality is aligned to the Budget.
- Empowering employees through skills development.
- Development and functionality of effective accountability and performance management measures.
- Sound labour /management and HR relationships.
- Increase, appropriate utilization of technology.

In order to ensure that appropriate, relevant, efficient and effective processes and systems are put in place in support of the core business of the municipality, the following milestones have been achieved during the year under review;

- Filling of all critical vacant posts including the Finance Department
- Establishment of a Records Management Unit
- Appointment of the Director Corporate Services, Municipal Planning and Development and Chief Audit Executive
- Deployment of an MFMA Advisor from National Treasury to the Municipality until December 2015
- Establishment of the Municipal Revenue Enhancement Team
- Appointment of TMDG Consultants for the Unbundling of the Assets in compliance with GRAP 17
- The Organogram of the Municipality was reviewed by Council
- The Internal Audit Department was established and key Internal Audit Personnel appointed
- The Municipality has established an Audit Committee and its functional
- Position of the Risk Manager was established
- The Asset Management Unit was also established in the financial year in review
- Budget and Virement Policy Guidelines were developed and adopted by Council
- Risk Management Frame and Policy were developed and adopted by Council
- Fraud Prevention Plan was developed and adopted by Council
- Compliance Policy was developed and adopted by Council
- The Performance Management Framework was developed and adopted by Council
- Development and review of policies and bylaws.
- Performance Agreements were developed and signed by all Section 56 Managers including the Section 57 Manager the Municipal Manager. .
- Development of the Municipal Website
- Establishment of ICT Steering Committee

The Municipality has successfully implemented the Phase 1 of the Municipal Corporate Governance of ICT Framework

MEASURES TO IMPROVE PERFORMANCE

Whilst the municipality has made substantial gains during the 2013/ 2014 financial year, there always remains room for improvement in all areas of the services that we are expected to deliver to the community. The following are measures that will be taken during the 2014/ 2015 financial year in order to improve the performance of the municipality at an organizational level;

- Strengthening of the Audit Action Plan Committee and continuous monitoring of progress registered, on a bi weekly and monthly basis.
- Inclusion of KPI's from the audit action plan in the performance agreements and work plans of Senior Managers.
- To improve on the implementation of all strategies that have been developed.
- Tighten controls around usage of municipal resources, including fuel and vehicles.
- Move towards finalizing the acquisition of the financial management system.
- Implement measures to reduce water and electricity losses.
- Introduce consistency in terms of management and discipline of staff.
- Improve the municipality's response to calls from the community.
- Prioritize necessary interventions in the revenue and electricity departments.
- Address acting and overtime matters realistically.
- Address performance within units in an honest and thorough manner.
- Inculcate good and high work ethic within all units.

In conclusion, the year 2013/ 2014 has seen a well-balanced mix of successes and challenges as the municipality continues to strive to deliver on its core mandate of service delivery to its citizens out there. As we move into the new financial year I have no doubt in my mind that the foundations that have been laid to date will grow from strength-to-strength towards ensuring that the citizenry of this municipality will be proud to be associated with the Ramotshere Moiloa Local Municipality.

CROSBY MAEMA
MUNICIPAL MANAGER

1.3. OVERVIEW OF THE MUNICIPALITY; MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The data provided herein is obtained from the Census 2011 report conducted by Statistics South Africa. RMLM strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual basis.

Table 1: Population Details

Population Details									
Age	2011/12			2012/13			2013/14		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	7334	7107	14441	7334	7107	14441	9482	8972	18454
Age: 5 - 9	7801	7983	15784	7801	7983	15784	8100	7824	15924
Age: 10 - 19	16638	16812	33450	16638	16812	33450	15192	14324	29516
Age: 20 - 29	10647	12029	22676	10647	12029	22676	12207	12235	24442
Age: 30 - 39	7653	9083	16736	7653	9083	16736	9051	9633	18684
Age: 40 - 49	5885	6990	12875	5885	6990	12875	6780	8276	15056
Age: 50 - 59	4006	4855	8861	4006	4855	8861	5782	6762	12544
Age: 60 - 69	2746	3701	6447	2746	3701	6447	3870	4879	8749
Age: 70+	2197	3977	6174	2197	3977	6174	2755	4588	7343
Source: Statistics SA									

Table 2: Socio-Economic Status

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2011/12	19%	53.6%	26%	44%	10%	34.7%
2012/13	19%	53.6%	26%	48%	15%	34.7%
2013/14	19%	36.2%	26%	52%	20%	20.7%

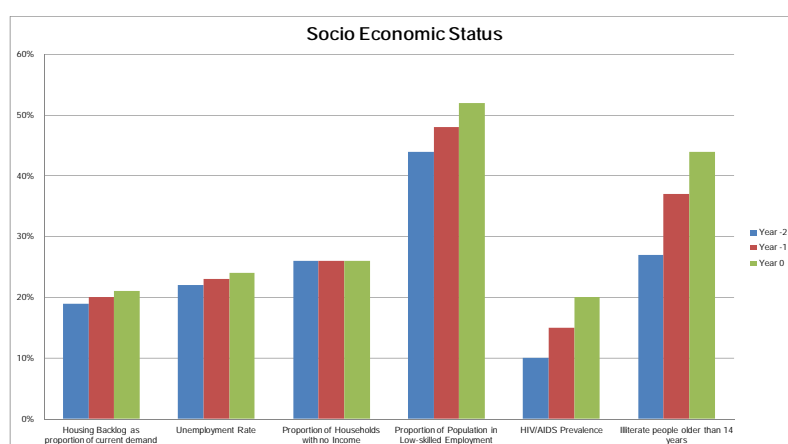


Table 3: Natural Resources

Natural Resources	
Major Natural Resource	Relevance to Community
Chrome (Masebudule)	Mining-job creation
Slate(Gopane)	Mining-job creation
Flourspar(Jacobsdal)	Mining-job creation
Dam(Klein Marico, Riekerts Dam)	Fishing and water supply

1.4. SERVICE DELIVERY OVERVIEW

This section has to be read in the context of the RMLM not being the Water Services Authority and only a Water Services Provider in Zeerust, Sandvlagte and Ikageleng. This is a mandate of the District Municipality. In terms of electricity, the RMLM is the provider for Zeerust, Sandvlagte, Ikageleng and surrounding areas whilst Eskom is the provider for the remainder of the municipal areas.

Table 4: Proportion of Households with access to minimum level of basic services

Proportion of Households with access to minimum level of Basic Services				
	2010/11	2011/12	2012/13	2013/14
Electricity service connections	33%	70%	87%	90%
Water - available within 200 m from	15%	11%	64%	68%

dwelling				
Sanitation - Households with at least VIP service	17%	19%	22%	30%
Waste collection - kerbside collection once a week	15%	17%	20%	23%

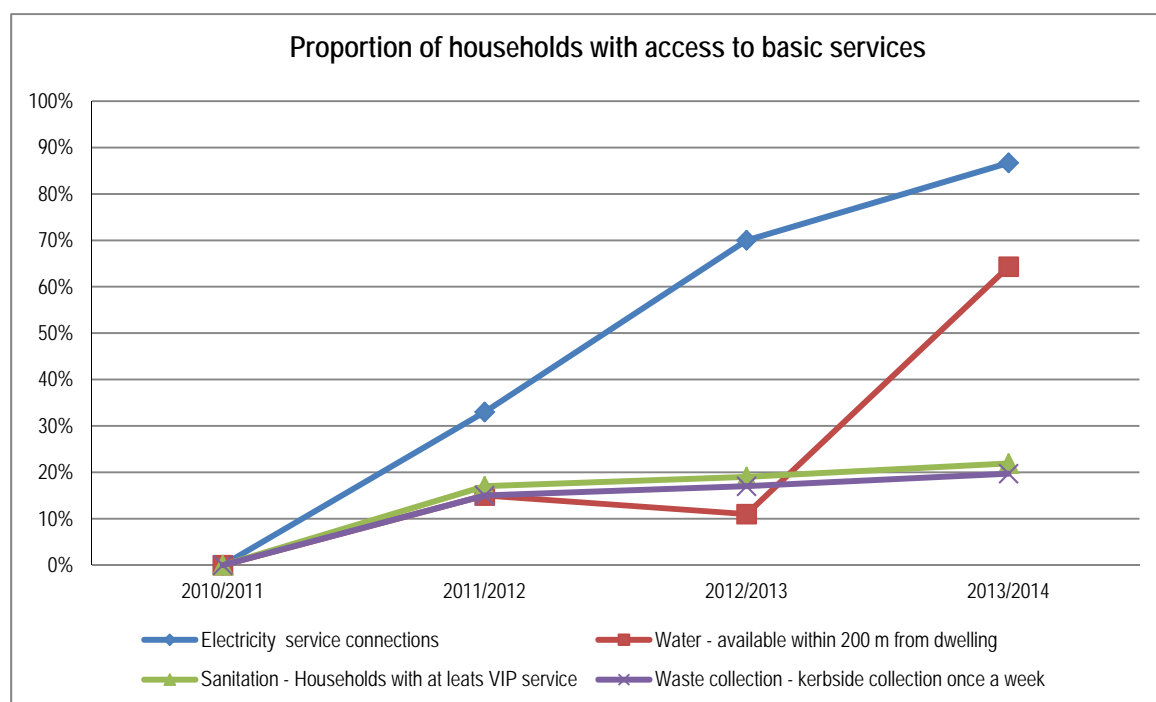


Figure 2: Proportion of Households with access to basic services

COMMENT ON ACCESS TO BASIC SERVICES

Above is a diagram reflecting performance on Access to Basic Services from 2010 to 2014 financial years. Please refer to Chapter 3 – Service Delivery Performance for further information pertaining to shortfalls, reasons for deviation and support needed in terms of unblocking.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

This overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the annual financial statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

The municipality faced serious cash flows constraints during the year due to the following reasons:

1. Low collection rate due to valuation roll and other legal disputes and billing challenges
2. Excessive costs drivers – CPI used for tariff setting (services provided at a loss currently)
3. Withholding of equitable share allocation – 2012/13 - R13m by National Treasury due to non- spending on MIG
4. Further withholding of MIG allocation – R10m by National Treasury due to non- spending – 2013/14
5. Unspent grants not cash backed vs anticipated roll overs
6. Unauthorised expenditures incurred in terms of leave encashment, overtime, etc.

Over the past the year, total revenue increased by 30% to R281million. Service charges grew by 52% while growth of property rates is 30%. Total revenue was 101% more than the budgeted amount.

Total expenditure decreased by 13% to R207 million. Depreciation and amortisation increased by 232%. This is mainly due to the unbundling processes conducted during the 2013/14 financial year. Bulk purchases grew by 19%. Repairs and maintenance for the municipality were R4.3million for the year (2013: R5.8million). The municipality will continue to prioritise the repairs and maintenance because the preservation of assets is important for continued service delivery.

The municipality recorded a net operating surplus of R73 million (2013: deficit R58million) taking into account the impact of GRAP 17 depreciation.

Table 5: Financial Overview: 2013/14

Financial Overview: Year 2013/2014			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	412 000	832 000	150 503 108
Taxes, Levies and tariffs	029 000	046 047	105 430 123
Other	901 810	005 496	25 412 895
Sub Total	342 810	883 543	281 346 126
Less: Expenditure	342 810	883 543	207 992 484
Net Total*	-	-	73 353 642
* Note: surplus/(defecit)			
T 1.4.2			

Table 6: Operating Ratios

Operating Ratios	
Detail	%
Employee Cost	45.34%
Repairs & Maintenance	17.47%
Finance Charges & Impairment	13.45%

COMMENT ON OPERATING RATIOS

The National Treasury considers as the norm 30% of operating expenditure to be the norm, however in the case of the municipality we have exceeded that mark and this is deemed to be above the required norm. This is perpetuated by the fact that the municipality provides services to the entire municipal area but only generates revenue from the four wards of which three of them are highly indigent. The municipality is basically sustained by revenue generated from the CBD (Zeerust Town). The repairs and maintenance expenditure is within the normal ratios recommended by National Treasury.

Table 7: Total Capital Expenditure: 2011/12 to 2013/14

Total Capital Expenditure: Year 2011/2012 to Year 2013/2014			
R'000			
Detail	Year -2	Year -1	Year 0
Original Budget	52 222 761	105 680 848	104 059 957
Adjustment Budget	36 187 206	34 487 146	96 364 512
			72 343
Actual	34 487 146	36 187 206	888
T 1.4.4			

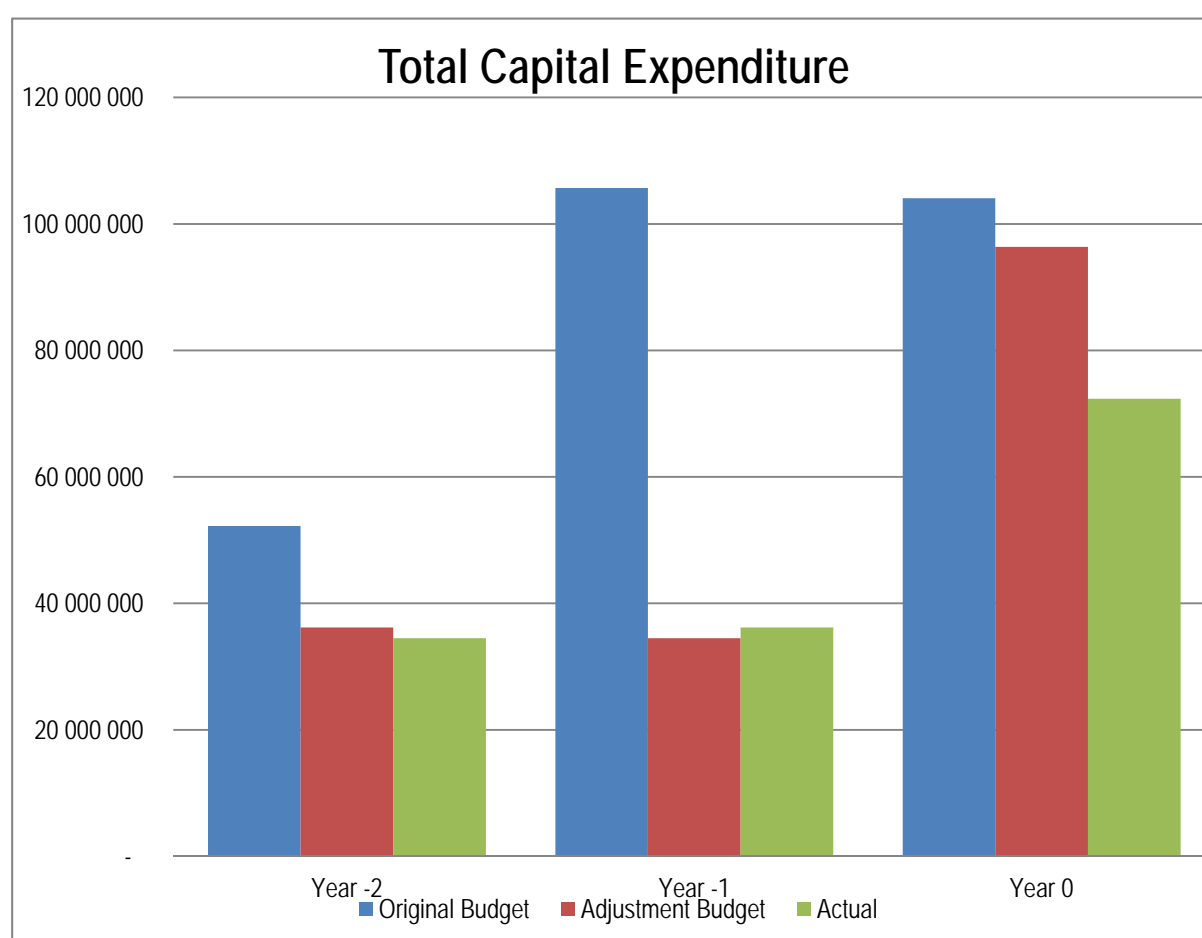


Figure 3: Total Capital Expenditure

COMMENT ON CAPITAL EXPENDITURE

Capital spending of the 2012/13 financial year was only 34% of the approved budget. This was mainly due to delays in meetings of bid committees, however a strategy has been developed by management to ensure bid committees sit as

per the planned calendar in order to improve the performance of capital expenditure. Furthermore the following the audit opinion by the auditor general on our below par CAPEX performance, it has been included in the audit turnaround plan to improve the situation.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Corporate Support Services Function of the municipality consists of Five units: Human Resources Management , Information Communication and Technology, Skills Development, Records Management and Labour Relations.

In order to acquire skills and the qualifications that will improve the quality of life of employees and the efficiency and effectiveness of the organization, the municipality, send employees on various work related training programmes.

Section 57 posts were vacant or occupied in an acting capacity. In the second half of the 2012/13 financial year Section 57 managers were appointed being the Technical Services and Community Services. In the 2013/14 financial year the Municipality continued with disciplinary and criminal processes against various members of staff. Due to the nature and complexity of the allegations these matters are still in the process of being finalised.

The posts of Corporate Services, Director Local Economic Development, Technical Services, Chief Audit Executive, Internal Audit and Chief Financial Officer and Community Services have been filled.

Critical and Funded posts have been prioritized, posts advertised during 2013/14 and the recruitment and selection process is unfolding.

1.6. AUDITOR GENERAL REPORT

A summary of the material findings in the report of the Audit General will be included on receipt of the final audit report at the end of November 2014.

1.7. STATUTORY ANNUAL REPORT PROCESS

Table 8: Statutory Annual Report Process

N o.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2014
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for 2013/14	
4	Submit draft 2013/14 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM (Not Applicable)	
6	Audit and Risk Committee considers draft Annual Report of municipality	August 2014
8	Mayor tables the 2013/14 Unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2013
12	Municipalities receive and start to address the Auditor General's comments	November 2014
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December 2014
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	

19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January 2015
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COMMENT ON THE ANNUAL REPORT PROCESS

The municipality has been able to meet the new deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. Substantial progress has been made to align the format and contents of the Annual Report with the guidelines issued by the National Treasury. A concerted effort has been made by the municipality to ensure adherence to the above timelines with the compilation of the unaudited 2013/14 Annual Report.

CHAPTER 2 – GOVERNANCE

Governance in the municipality is made up of Political and Administrative Governance. The Political Structure is led by the Mayor and Speaker who are full time. The Council has the following Section 79 Committees in place;

- Executive Committee
- Five Portfolio Committees
- Municipal Public Accounts Committee
- Asset Management Committee
- Rules Committee

Council has also established an Internal Audit and Risk Committee towards the end of the 2013/2014 financial year as guided by Section 166 of the Municipal Finance Management Act.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political and administrative governance at the municipality comprises of the elected councillors and administration.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The municipality has established Section 79 Committees as required by the Municipal Structures Act. The municipality has also established an Internal Audit and Risk Committee, the Municipal Public Accounts Committee and the Asset Management Committee.

POLITICAL STRUCTURE



CLLR. A. N. THALE
MAYOR



CLLR. A.J. THWESHA
SPEAKER

EXECUTIVE COMMITTEE MEMBERS



CLLR.A.N. THALE
MEDIRO



CLLR.M.P. MOABI



CLLR.B.E. MONTWEDI



CLLR. P.P.



CLLR.S.C. RAMAINA
MANTHOKO



CLLR.C.DREYER



CLLR.L.T. MBANGI



CLLR. K.I.



**Cllr. W.B.M. MOKOTEDI
NYANTO**



Cllr. B.SIKWA



Cllr. J.P. MAETLA



Cllr. S.H.



**Cllr. S. SENNA
PILANE**



Cllr. K.J. MALEKE



Cllr. K.Q. SESWANE



Cllr. M.P.

**Cllr. O.K. MOGOTSI
SENNA**

Cllr. M.K. MOSIANE

Cllr. B. PINE

Cllr. R.



**Cllr. B.S. MOKGOTHU
MOTHUSI**

Cllr. M.P. MOTANG

Cllr. K.R. PHALE



Cllr. P.

**Cllr. M.E. GAE
AMODS**

Cllr. J.K. MOKGATLHE

Cllr. G.A. LAMOLA

Cllr. J.

**Cllr. C.S. TSILE
MEGALANE**

Cllr. A.B. CASSANGA

Cllr. S.F. NGWEYE

Cllr. M.G.



Cllr. E.T MATEBESI

Cllr. N.T. MOROENG

Cllr. K.H. PULE



Cllr. S. MODIBETSANE

Cllr. K.P. MOKOTONG

Cllr. O.C. MOILOA

Table 9: Political Structure

MAYOR	<i>Function</i>
Cllr AN Thale	Overall political responsibility for sound governance and service delivery
SPEAKER	
Cllr AJThwsha	<i>Public participation, ward committees and managing Council and Committee meetings</i>
EXECUTIVE COMMITTEE	
Cllr SC Ramaina	<i>Infrastructure</i>
Cllr T Mbangi	<i>Budget and Treasury Office</i>
Cllr KI Manthoko	<i>Community Services</i>
Cllr C Dreyer	<i>Member</i>
Cllr BE Montwedi	<i>Planning and Development</i>
Cllr MP Moabi	<i>Corporate Services</i>
Cllr PP Mediro	<i>Member</i>

COUNCILLORS

The municipality has 39 Councillors of which 20 are Ward Councillors and 19 are PR Councillors. A full list of Councilors can be found (including committee allocations and attendance at council meetings) in **Appendix A**. Further note that **Appendix B** sets out committees and committee purposes.

POLITICAL DECISION-MAKING

A total of 208 resolutions were taken of which 185 were executed. This amounts to a 79% completion rate. The reason for the low implementation rate is the

fact that comments on the implementation of resolutions have not been received from the different departments yet.

2.2 ADMINISTRATIVE GOVERNANCE

**MUNICIPAL MANAGER
MR. CROSBY MAEMA**



**CHIEF FINANCIAL OFFICER
MRS. GALALETSANG MOROANE**

**DIR COMMUNITY SERVICES
TECHNICAL SERVICES
MR. TIRO SELEKA
JABULANI MAKUKAU**

**DIR: PLANNING AND DEVELOPMENT

MRS. BELINDA SEABI**

**DIR.:

MR.**



**DIR.: CORPORATE SERVICES
M.M'S OFFICE
MR. TEBOGO MOTLHAMME
THABO TIRO**



**CHIEF AUDIT EXECUTIVE
MRS. MPHO MATHYE**



**EXEC. MANAGER:
MR.**

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The Municipal Manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management

and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit unit is also located in the Municipal Manager's office and ensures compliance with municipal legislation.

In addition the five Business Units that mirror the committee portfolios also report to the Municipal Manager.

These Directorates, each headed by a Director, ensure that services are delivered to the people of the Municipality. They are:

- Technical services;
- Community services;
- Planning and Development;
- Internal Audit
- Budget and Treasury; and
- Corporate services.

The Municipal Manager and his team of Directors hold regular meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the five National Key Performance Areas; Financial Viability and management, Local economic Development, Basic service delivery and Infrastructure development, Good Governance and Public Participation Planning and Social Services.

TOP ADMINISTRATIVE STRUCTURE

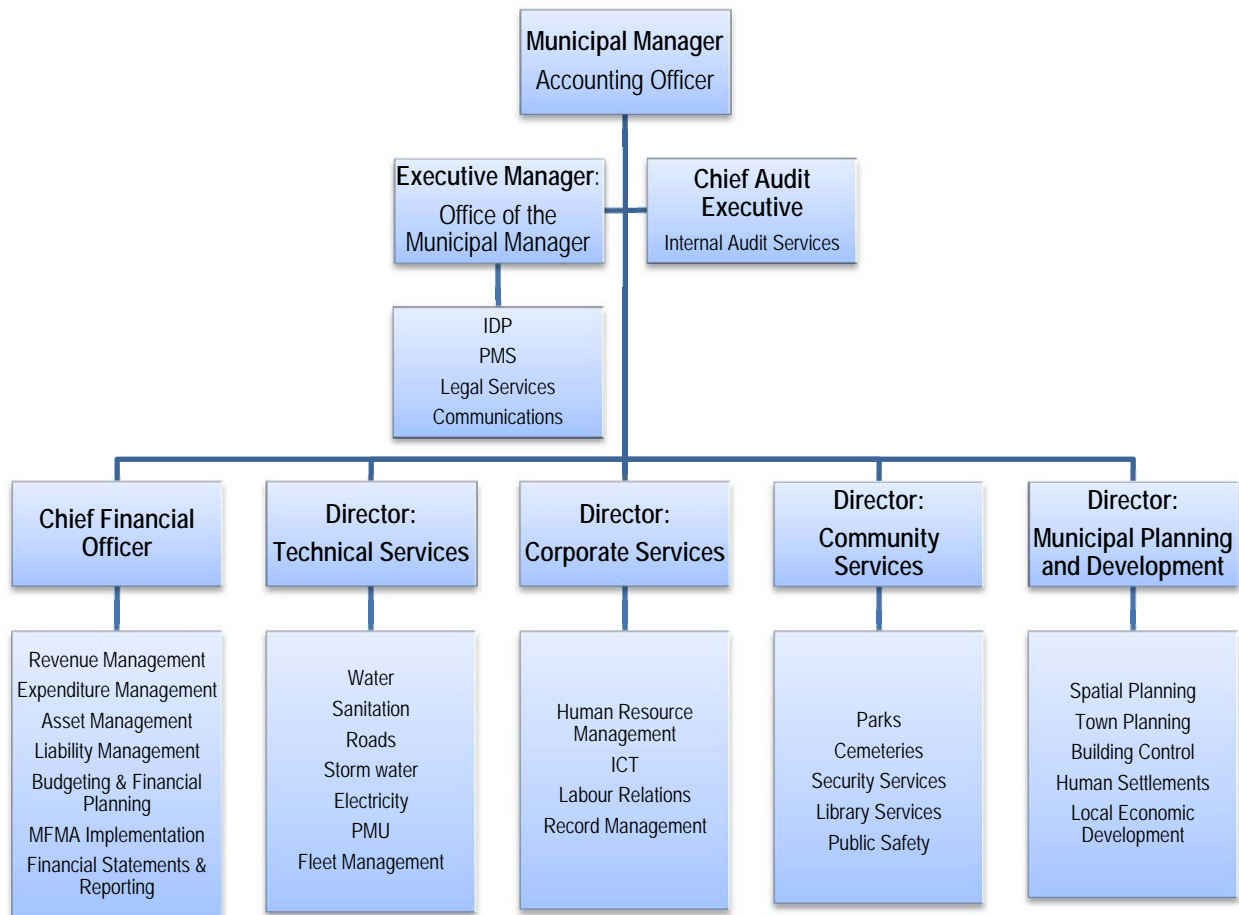


Figure 4: Top Administrative Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.

Throughout this process, the municipality received full support from the Office of the MEC for Local Government and Traditional Affairs. Substantial support in the development of a financial recovery plan has also been obtained from National Treasury. The provincial Treasury has also assisted in terms of developing both the strategic and operational risk registers of the municipality.

Whilst the Municipal Infrastructure Grant (MIG) was the primary source of funding for capital projects related to infrastructure development and basic services, the following basic services are delivered to the community using mechanisms of intergovernmental relations with National/ Provincial Departments and/ or parastatals:

- **Water and Sanitation**- Department of Water Affairs and Umgeni Water;
- **Housing** - Department of Human Settlements;
- **Electricity** - Department of Minerals & Energy and Eskom

Various other grants such as the Neighbour Partnership Development Grant, have been received for the implementation of projects. All information related to grants received is disclosed as required in the Annual Financial Statements.

NATIONAL INTERGOVERNMENTAL STRUCTURE

The municipality remains a member of the South African Cities Network (SACN). Unfortunately, due to the financial constraints of the organisation, there was a minimal level of participation in the various knowledge-sharing forums.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organizational Performance Management from the Provincial Department of Local Government and Traditional Affairs. The Municipal Manager participates in the Premier's Coordinating Council (PCC), Provincial PMS Forum Provincial Municipal Managers Forum and Technical forum.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Municipal and Technical Forum which is chaired by the District Mayor. The municipality is also participating in different fora such as IGR, Municipal Managers Forum, Technical Forum, and PMU Forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2013/14 financial year, the municipality had 20 functional ward committees which serve as a conduit between the municipality and the committee. In addition, a draft public participation policy and guideline was developed.

In addition to ward committees, the Service Delivery and Budget Implementation Plan (SDBIP) is made public and is made available at the Local Libraries. This contains projected financial and service delivery Indicators and deliverables. Members of the public are also invited to participate in the Oversight process related to the Annual Report.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees.

Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Steering Forum. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second imbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto.

Section 2.4 below provides an outline of further mechanisms which the municipality utilizes as a mean of public participation.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality has adopted a Communication Strategy during the course of 2012/13 financial year and the Public Participation Policy is going through various committees for consultation and finally approval by Full Council.

The policy categorized the stakeholders as follows:

- **Internal Stakeholders**
- **Public Sector Stakeholders:**
 - Provincial and National Departments, District, Local Municipalities, Councilors, Executive and Portfolio Committees, Ward Committees, Parastatal seg Eskom, Telkom, Traditional Leaders
 - Public Sector Forums
 - Police Forums, IDP Forums, Local Implementation Forums
- **External Stakeholders**
 - Business and Labour Stakeholders
 - Organized Business (Chamber Of Business and Industry) and Labour Formations, Service Providers
- **Civil Society Organizations:**
 - NGOs, CBOs, Faith Based Organisations, Youth Organisations; Lobby Groups - (Environmental Groups), Unorganized Groupings – (the poor and other Vulnerable Groups), Sports Organizations, Civic or Resident Associations, Citizens etc.
 - The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders engagement structures as reflected in the IDP Guides, must be the same or integrated structures.

Every year around the end of August, the municipality finalises a Process Plan which is approved by Full Council, once approved a public notice is posted on various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs

The municipality has a structured program of public participation. This program is articulated in the Process Plan and forms the basis for citizenry engagement framework.

The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution and review of the IDP,

- Budget processes
- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on SDBIP and IDP)
- Monthly Community Meetings by Councilors
- Project Based Meetings
- Sector Plan Based Engagements
- Executive committee – Council Chambers
- Full Council Meeting – Council Chambers
- Integrated Development Planning Meetings:
- Imbizo: Public Meetings for Budget, IDP etc
- Municipal Property Rates Act (MPRA)
- Complaints Register: Customer Care and Batho Pele Engagements
- Attendance to invitations by Interest groups
- Partnerships and MOUs

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, and quarterly and annually as reflected in our Process Plan.

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

1. To serve as an official specialised participatory structure in the municipality.
2. To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
3. Advise and make recommendations to the Ward Councillor on matters of policy affecting the Ward.
4. Assisting the Ward Councillors in identifying the challenges and needs of residents.
5. Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
6. Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
7. Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums, and
8. Interact with other organizations and forums on matters affecting the ward.

A ward committee may also make recommendations on any matter affecting its ward to the ward councillor or through the ward councillor to the local council.

PUBLIC MEETINGS

Table 10: Public Meetings

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral Imbizos	13-28 Nov.2013	15	19	3002	Partially	Refer to the minutes and

						attendance register of the said meeting.
Community Meetings	Monthly (July 2013 - June 2014)	39	13	4035(various wards)	Yes	Refer to the minutes and attendance register of the said meeting.
Ward Committee Members	Monthly (July 2013 - June 2014)	20	15	634	Partially	Refer to the minutes and attendance register of the said meeting.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The municipality and communities benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred and ward committees imparted their advice to the Councilors who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turnaround Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully functional Speakers office to take complaints from community members where there are issues of service delivery.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 11: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at the Municipality entails Risk Management, Anti-Corruption and Fraud and Supply Chain Management which is unpacked below:

2.6 RISK MANAGEMENT

Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The Accounting Officer and Council are required by the Municipal Finance Management Act, Act 53 of 2003 to establish and maintain appropriate risk management systems. Risk Management Practices requires the Accounting Officer and Council to manage the strategic and operational risks of the municipality. The risk management system must provide for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact.

It is expected that a municipality's risk management system identifies strategic and operational risks and assign responsibility to appropriate officials within the municipality. The Audit and Risk Committee's role in relation to risk is to support the Accounting Officer and Council.

The municipality has not yet appointed a Risk Officer. Risk Management Committee under the chairperson of the Chief Financial Officer is not yet appointed. The terms of reference for the Risk Management Committee are embedded in the Risk Management Policy which has not been reviewed and restructured and has not been adopted by Council.

The Council is ultimately responsible for risk management supremacy with Exco and is embarking on the process of appointing the Audit and Risk Committee which will be playing a very crucial oversight role as a function that is delegated to them and legislated. The status of strategic and operational risks will be

reported and monitored on regular basis by Internal Audit Unit and Risk Management Committee who will give feed back to the Accounting Officer and Audit and Risk Committee.

The Audit and Risk committee has been appointed in 2013/14 and same to the establishment of Internal Audit Unit.

2.7 ANTI-CORRUPTION AND FRAUD

The municipality has a policy on anti-fraud & corruption that was approved in 2013/14, however, due to budget constraint; the municipality did not rollout anti-fraud and corruption workshops. However the policy is currently undergoing vigorous review. The municipality has been dealing with matters relating to fraud and corruption within the municipality. There are criminal investigations that are going ahead and other matters are with the National Prosecuting Authority. There are several cases of misconduct which have been finalised and some are on-going.

New allegations of fraud or corruption and other irregularities are currently under investigation and those that are finalised are being referred to either South African Police Services or Legal Unit for formulation of misconduct charges and setting up disciplinary enquiries tribunals. As alluded to under risk management mitigating strategy in respect of fraud and corruption, an intensive conflict of interest identification review has been finalised which will result in a number anti-fraud & corruption initiative.

2.8 SUPPLY CHAIN MANAGEMENT

Note: MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality's Supply Chain Management Unit is a support function for all business units within the council to ensure provision of efficient, transparent, fair, equitable and cost effective procurement services hence assisting them to implement their service delivery priorities.

It operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act and its core functions are:

- Demand Management;
- Acquisition Management;
- Logistics Management;
- Disposal Management;
- Risk management; and
- Performance Management.

The supply chain management policy for the year 2013/14 was adopted by Council on the 30th May 2013 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

Further review of the current SCM policy was done in December 2011 to further align the policy to Preferential Procurement Regulations 2011, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on 08 June 2011 the new regulations aims to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from 7 December 2011, issued by National treasury

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and the current policy has been aligned to provide for that.

- **Demand management**

The preferential policy objectives were identified at a global level hence during the 2013/14 financial year a procurement plan was established and the procurement preferential preference points were set on how these objectives will be met for each contract for the new financial year was developed.

- **Acquisition Management**

Thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and the latest SCM regulations and to ensure full compliance with circular 25 for the 2013/14 financial year. A procurement plan has been developed which will guide all the procurement processes during the year.

It was also noted that the following provisions of the SCM regulations were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulations 42, 44 and 38 (i).

- **Logistics management**

An effective system of logistics management has been established. The continuous interrogation of inventories and improvements on systems and processes has yielded positive results in that there is a progressive reduction of stock holdings. Although purchases are slightly higher than last year, there is ongoing liaising with end user sector departments on inventory holdings and have been able to utilize slow moving stock to good advantage.

There is a marked improvement on utilizing cable stock that has been held for a long period, which had a positive impact on purchases and has contributed to the reduction in purchases as per the graph below.

- **Disposal management**

An effective system of disposal management has been established and detailed processes developed to ensure compliance with section 40 of the SCM regulations. Asset and Disposal Committee was also established during the 2013/14 financial year.

- **Risk Management**

The contracts are being monitored on monthly basis, though there is a human capital challenge as there is only one monitoring officer. Also measures are now being put in place to ensure identification, consideration and avoidance of potential risks in the

supply chain management system in accordance with section 41 of the SCM regulations. The supply chain management operational risk register was established and is in place.

- **Performance Management**

The Municipality has SCM policy that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed and implemented. The policy enforces the accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

2.9 BY-LAWS

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

There were no by-laws that were developed/revised during 2013/14 financial year.

2.10 WEBSITES

Table 12: Municipal Website

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	4 May 2014
All current budget-related policies	Yes	4 May 2014
The previous annual report (2012/13)	Yes	4 May 2014
The annual report (2013/14) published/to be published	Yes	4 May 2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2013/14) and resulting	Yes	4 May 2014

scorecards		
All service delivery agreements (2013/14)	Yes	4 May 2014
All long-term borrowing contracts (2013/14)	No	
All supply chain management contracts above a prescribed value (give value) for 2013/14	Yes	4 May 2014
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2012/13	No	
Contracts agreed in 2013/2014 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	4 May 2014
Public-private partnership agreements referred to in section 120 made in 2013/14	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2013/14	Yes	4 May 2014
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The provision of the website for the period of twelve months was advertised and the website was online for the publication of municipal information in the 2012/13 financial year.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality is currently conducting a satisfaction survey by means of suggestion boxes/complaints register amongst others to ensure optimal satisfaction in terms of services offered to local communities. The suggestion box is located at the Municipal offices for public inputs and or comments.

Below is the satisfaction survey undertaken for the current financial year.

Table 13: Satisfaction Surveys Undertaken

Satisfaction Surveys Undertaken during: 2012/13 and 2013/14				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
(a) Municipality	Complaints Register/suggestion box	On-going		
(b) Municipal Service Delivery	Complaints Register/suggestion box	On-going		
(c) Mayor	Mayoral Imbizos		3452	
Satisfaction with:				
(a) Refuse Collection	Complaints Register/suggestion box	On-going		
(b) Road Maintenance	Complaints Register/suggestion box	On-going		
(c) Electricity Supply	Complaints Register/suggestion box	On-going		
(d) Water Supply	Complaints Register/suggestion box	On-going		
(e) Information supplied by municipality to the public	Newsletters / Mayoral Imbizos		3452	

(f) Opportunities for consultation on municipal affairs	Mayoral Imbizos		3452	
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

The District Municipality performed the functions and exercise the powers referred to in Section 84(1) (b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority (WSA) has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

The RMLM only provides water to two towns viz. Zeerust and Groot Marico. The municipality has acquired an abstraction permit from Department of Water Affairs in this regard. The municipality serves as a Water Service Provider, thus signed Service Level Agreement with NMMDM.

The rural parts of the municipality are serviced by NMMDM (WSA) in conjunction with Botshelo Water Water Services Provider (WSP).

The response rate to water and sanitation interruptions were achieved at 75% and 88% respectively. Various factors contributing to this poor performance include the rapid deterioration of infrastructure and inadequate, human resource constraints, vandalism and age of fleet.

It should further be noted that sewage flows have also increased at the Zeerust Waste Water Treatment works to a dry weather flow of approximately 5 ML/day. There is no waste water treatment works at Groot Marico and to exacerbate the situation that seven hundred (700) additional housing with waterborne has just

been commissioned. The water system has already reached its maximum operating capacity.

Table 14: Total Use of Water by Sector

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/13	Department of Water Affairs and NMMDM competency				
2013/14					

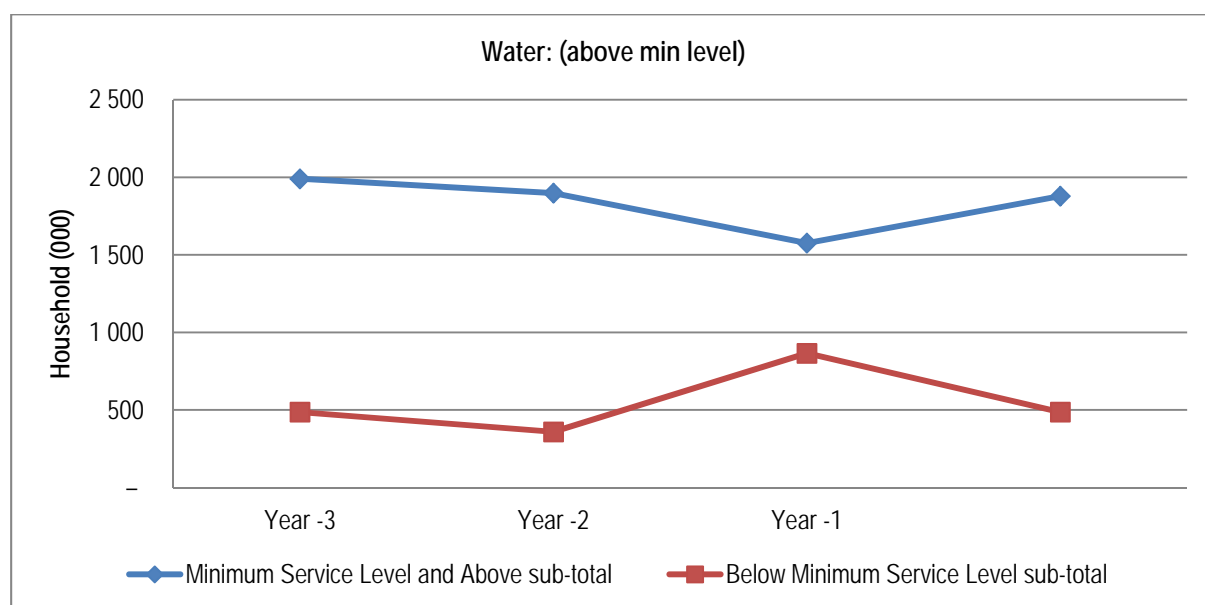


Figure 5: Water (above min. level)

Table 15: Water Service Delivery Levels

Water Service Delivery Levels				
Description	Households			
	2010/11	2011/12	2012/13	2013/14
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water:</u> (above min level)				
Piped water inside dwelling	3631	3397	26632	26692
Piped water inside yard (but not in dwelling)	2482	10592	26632	26692

Using public tap (within 200m from dwelling)	14674	8291	26632	26692
Other water supply (within 200m)	0	0	3641	0
<i>Minimum Service Level and Above sub-total</i>	20787	22280	83537	
<i>Minimum Service Level and Above Percentage</i>	1	1	1	0
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	168	851	926	926
No water supply				
<i>Below Minimum Service Level sub-total</i>	168	851	926	926
<i>Below Minimum Service Level Percentage</i>	0	0	0	1
Total number of households*	20955	23131	84463	926
* - To include informal settlements				

Table 16: Access to Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2011/12	22180	10592	13989
2012/13	26632	26632	26632
2013/14	48000	27124	27124

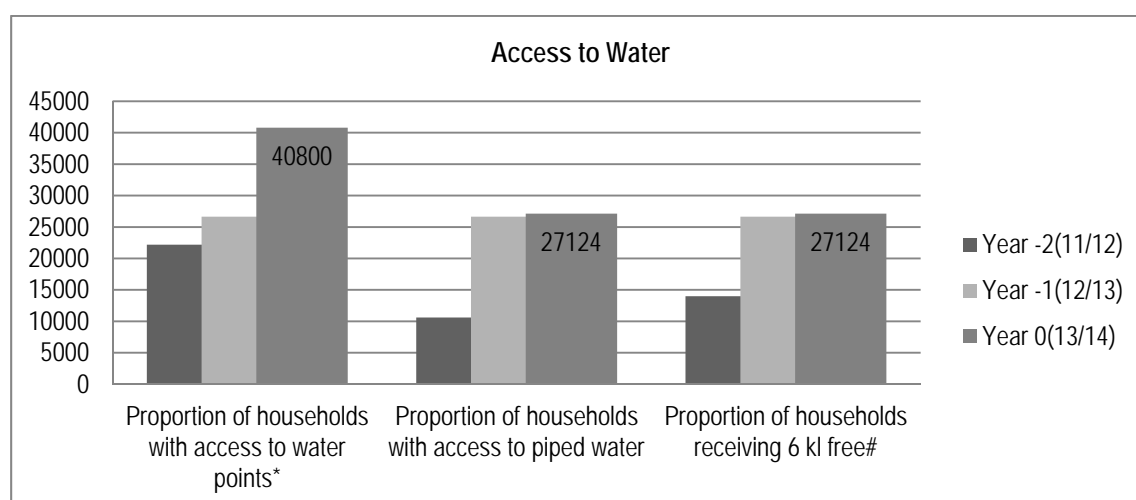


Figure 6: Access to Water

* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 17: Employees: Water Services

Employees: Water Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	1	1	1	1	100%
7 - 9	3	3	3	3	100%
10 - 12	0	0	0	0	100%
13 - 15	12	12	12	12	100%
16 - 18	0	0	0	0	100%
19 - 20	0	0	0	0	100%
Total	17	17	17	17	100%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Table 18: Financial Performance 2013/14: Water Services

Financial Performance Year 2013/2014: Water Services					
R'000					
Details	Year 2012/2013	Year 2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	41 217 591	12 713 194	13 625 000	24 978 805	49%
Expenditure:					
Employees	-	-	339 354	3 000 434	100%
Repairs and Maintenance	-	-	37 500	288 238	100%
Other	13 596 109	5 595 259	155 238	1 709 556	-227%
Total Operational Expenditure	13 596 109	5 595 259	532 092	4 998 228	-12%
Net Operational Expenditure	-27 621 482	-7 117 935	-13 092 908	-19 980 577	64%

Table 19: Capital Expenditure 2013/14: Water Services

Capital Expenditure 2013/14: Water Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	440,400			0%	
Competency of NMMDM				0%	
Project A: Machine and Equipment (Connections)	440,400			0%	
Project B				0%	
Project C				0%	
Project D				0%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

The municipality did not implement or budget for capital projects except O&M on areas serviced by the municipality. All MIG water and waste water related projects are implemented by NMMDM.

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

NMMDM is responsible for the provision of sanitation in the municipal area. All Waste Water Treatment Plants are managed by District Municipality. The RMLM is responsible for maintenance of sewer reticulation systems in Zeerust, Welbedacht and Groot Marico.

Table 20: Sanitation Service Delivery Levels

Sanitation Service Delivery Levels				
				*Households
Description	2010/11	2011/12	2012/13	2013/14
	1	2	3	4
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage:</u> (above minimum level)				
Flush toilet (connected to sewerage)	0	0	9080	9140
Flush toilet (with septic tank)	0	1040	1719	1957
Chemical toilet	0	324	212	0
Pit toilet (ventilated)	18576	15335	24077	24077
Other toilet provisions (above min.service level)	0	0	24791	24791
<i>Minimum Service Level and Above sub-total</i>	18576	16699	59879	59965

<i>Minimum Service Level and Above Percentage</i>	1	1	1	1
<u>Sanitation/sewerage:</u> (below minimum level)				
Bucket toilet	365	330	93	93
Other toilet provisions (below min.service level)	0	0	621	621
No toilet provisions	1163	2716	2329	2329
<i>Below Minimum Service Level sub-total</i>	1528	3046	3043	3043
<i>Below Minimum Service Level Percentage</i>	0	0	0	0
Total households	20104	19745	62922	63008
<i>*Total number of households including informal settlements</i>				

Table 21: Households – Sanitation Service Delivery Levels below the Minimum

Households - Sanitation Service Delivery Levels below the minimum						
Description	2010/11	2011/12	2012/13	2013/14		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	9520	9520	9520	100000	0	9580
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
Informal Settlements						
Total households	NMMDM	NMMDM	NMMDM	NMMDM	NMMDM	NMMDM
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0

Table 22: Access to Sanitation

Access to Sanitation	
	Proportion of households with access to sanitation
2011/12	13607
2012/13	13620
2013/14	13680

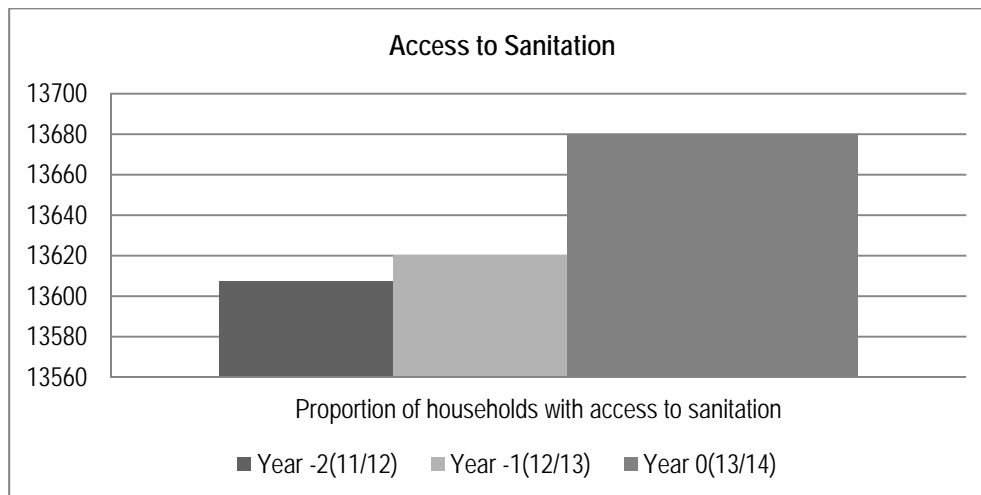


Figure 7: Access to Sanitation

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 23: Employees: Sanitation Services

Employees: Sanitation Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	1	0%
4 - 6	1	1	1	0	0%
7 - 9	6	6	6	0	25%
10 - 12	2	2	2	0	53%
13 - 15	17	17	17	0	40%
16 - 18	0	0	0	0	48%
19 - 20	0	0	0	0	40%
Total	26	26	26	1	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table 24: Financial Performance 2013/14: Sanitation Services

Financial Performance Year 2013/2014: Sanitation Services					
R'000					
Details	Year 2012/2013	Year 2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	41 217 591	12 713 194	3 467 822	4 044 251	-214%
Expenditure:					
Employees	-	-	2 040 823	9 587 643	100%

Repairs and Maintenance	-	-	350 004	39 946	100%
Other	13 596 109	5 595 259	411 988	301 184	-1758%
Total Operational Expenditure	13 596 109	5 595 259	2 802 815	9 928 773	44%
Net Operational Expenditure	-27 621 482	-7 117 935	-665 007	5 884 522	221%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<i>T 3.2.8</i>

Table 25: Capital Expenditure 2013/14: Sanitation Services

Capital Expenditure 2013/14: Sanitation Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Competency of NMMDM					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

The municipality did not implement or budget for capital projects except O&M on areas serviced by the municipality. All MIG water and waste water related projects are implemented by NMMDM.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 20% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates under the Electricity Regulator Act of (2006).

The Electricity Unit generates approximately 35% of the total revenue of the Municipality, 20% of the income for the Electricity Unit comes from our large customers (industrial and commercial) and 15% from our residential customers.

The municipality purchases electricity in bulk on the Mega flex tariff from Eskom. There is one Eskom in-feed points (Zeerust Municipality Substation). We have a notified maximum demand of 9.3 MVA. During 2012 application was made to Eskom to increase the Zeerust Municipality Substation notified demand from 9.3MVA to 20MVA and to date we are over notified maximum demand of 9.3MVA and we are paying penalties.

Six (6) mini-substations and two (2) pole-mounted transformers were replaced due to vandalism and theft of copper.

Our area of supply is experiencing continuous outages due to the numerous faults on the existing 11kV overhead lines that are old.

CHALLENGES

- The backlogs on the repairs, maintenance, refurbishment and replacement of electricity infrastructure.
- High demand for electrification in informal settlements and rural areas.
- Protection of revenue from theft and tampering.
- High electrical losses due to ageing infrastructure
- The revenue losses are mainly due to technical losses, illegal connections, unbilled metered consumers, unmetered authorized consumers and tampering with meters.

- Upgrading of street lights.
- The theft of cables and vandalism of electricity infrastructure was on the increase during the 2013/2014 financial year.

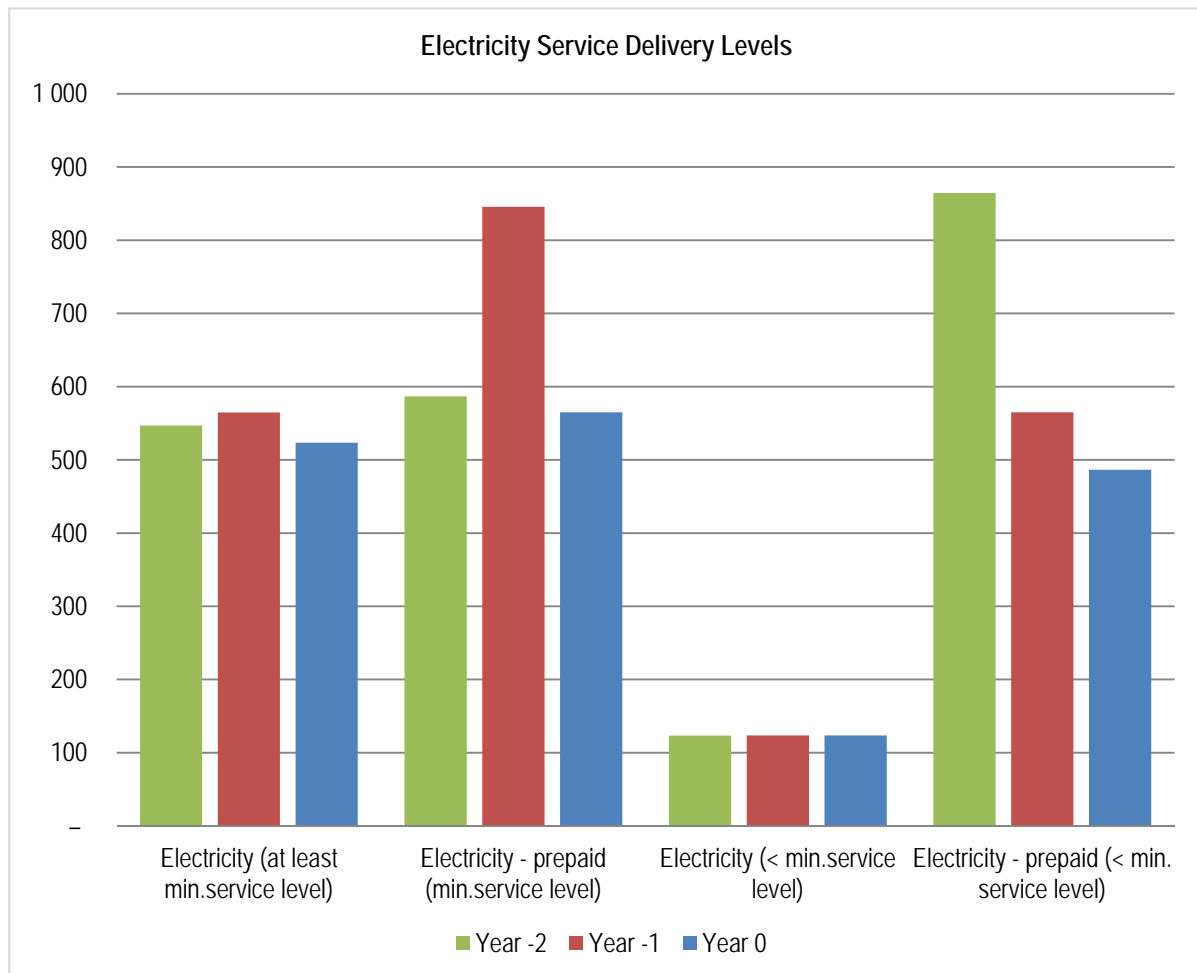


Figure 8: Electricity Service Delivery Levels

Table 26: Electricity Service Delivery Levels

Electricity Service Delivery Levels				
Description	Households			
	2010/11	2011/12	2012/13	2013/14
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy:</u> (above minimum level)				
Electricity (at least min. service level)	7980	8230	8920	9040
Electricity - prepaid (min. service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	15660	15980	8920	9040
<i>Minimum Service Level and Above Percentage</i>	0	0	0	0
<u>Energy:</u> (below minimum level)				
Electricity (<min.service level)	22356	23658	33381	34201
Electricity - prepaid (< min. service level)		0	0	0
Other energy sources				100
<i>Below Minimum Service Level sub-total</i>	22356	23658	33381	34301
<i>Below Minimum Service Level Percentage</i>	1	1	1	1
Total number of households	38016	39638	42301	43341

Table 27: Households - Electricity Service Delivery Levels below Minimum

Households - Electricity Service Delivery Levels below the minimum						
Description	Households					
	2010/11	2011/12	2012/13	2013/14		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual

	No.	No.	No.	t No.	No.	No.
Formal Settlements						
Total households (Zeerust area)	250	300	600	3,5m	3,5mill	120
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
Informal Settlements						
Total households (Eskom area of supply-rural areas)	54	260	764	0	0	700
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 28: Electricity Services

Employees: Electricity Services					
Job Level	2012/13	2013/14			
	Employee s	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	2	2	7	350%
7 - 9	4	4	4	0	0%
10 - 12	1	1	1	0	0%
13 - 15	7	8	8	12	150%
16 - 18	0	0	0	0	0%

19 - 20	0	0	0	0	0%
Total	13	16	16	19	119%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table 29: Financial Performance: 2013/14 Electricity Services

Financial Performance 2013/14: Electricity Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	27 152	54 441	62 988	48 908	-11%
Expenditure:					
Employees	-	-	2 740	3 081	100%
Repairs and Maintenance	-	-	3 530	872	100%
Other	57 017	54 084	42 172	37 407	-45%
Total Operational Expenditure	57 017	54 084	48 442	41 359	-31%
Net Operational Expenditure	29 865	357	-14 547	-7 548	95%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

Table 30: Capital Expenditure 2013/14: Electricity Services

Capital Expenditure Year 2013/14: Electricity Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	30,844		9,780	-215%	
Project A: Highmast lights	4,394	-	1,008	-336%	4,394
Project B: Electricity Network	23,000	-	8,772		23,000
Project C: Street lights	1,500	-			1,500
Project D: Electricity Network	1,000	-		0%	1,000
Project E: Electricity Reticulation	950			0%	950
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The municipality has managed to fund the upgrading of the electricity from 9mva to 20mva through its own sources. This will reduce the high number of unplanned electricity interruptions. The initiative will also enhance local economic development in the area.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The waste service delivery of the Municipality is co-ordinated from Zeerust. A regular waste removal service is provided to all households and businesses within the major towns of the Municipal area, except to the households in rural areas.

The percentage of households with access to regular (once a week) refuse removal in Ramotshere Moiloa is currently 19% of the Municipal area. The majority of the population in rural areas either bury or burn their waste. There are also no private waste contractors active within the municipal area. The Municipality provides a weekly (1 day per week) waste collection service to all the households in Zeerust, Lehurutshe and Groot Marico.

The businesses, hospitals and schools in the RMLM receive a waste collection service up to five times a week depending on the collection requirements. Industries are serviced once per week. Street cleaning (litter picking, sweeping, and cleaning of ablution facilities) is done in all the Major towns of the Municipality. The Ramotshere Moiloa Municipality utilises a black refuse bag system for all the households in the municipal area. Businesses utilise a black refuse bag system and 3m³ bins. Residents and businesses have to buy their own black bags. The 3m³ bins are supplied by the municipality and then the businesses pay the Municipality off over time. The Municipality accepts any number of bags or bins per household or business, so there is no specific limit. The bags and bins are placed on the curb outside the house or business and collected from there.



The Municipality has a set of by-laws pertaining to cleansing services. The landfill sites in the Municipal area do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste

generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates vary with the socio-economic standing of the population, from 0.2 kg per capita per day in the poor areas, to 1 kg per capita per day in the affluent areas.

The Municipality is experiencing shortages of labour for waste collection, environmental cleaners; as well as for the proper management of the waste disposal facilities.

The Municipality has a few vehicles that are old and are due for replacement. The landfill site at **Zeerust** is permitted by the Department of Water Affairs and Forestry on 9 January 1996 as a Class G:S:B- waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989). The site is located approximately 2.7 kilometres south east of the town. The expected lifetime of the site is approximately 3 years and the municipality is in the process of closing the site and finding another site for the waste disposal services in Zeerust. The municipality uses a cell method to dispose of the waste. There is a separation of garden refuse and general waste at the site and there is a designated area for the burning of spoilt foodstuffs from the local supermarkets. Waste is properly compacted and regularly covered. Illegal scavenging is taking place at the landfill and the scavengers tend to burn the waste. Scavenging activities should be formalised to prevent interference with the daily operations. The site is fenced but requires maintenance. Access to the site is controlled but the problem is during the evenings. There are two site personnel employed on the site that help with the management of the site. The site should be operated with a view to closure and a new replacement site should be identified. The vehicles which conditions are indicated as “poor” are in need of replacement in the near future. The Municipality is responsible for the maintenance of their own vehicles.

The landfill site at **Lehurutshe** is not permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 6.4 kilometres south-east of the centre of the town, Lehurutshe. The landfill site

is operated following a cell method of operation and landfilling of a quarry. The site is approximately 3 Ha in size.

The expected lifetime of the site is approximately 20 years. Waste is covered regularly even though the municipality does not have permanent equipment on site. The Komatsu Bulldozer from Zeerust is from time to time used to compact and cover waste at the Lehurutshe site.

The landfill site at **Groot Marico** is not permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 3 kilometres south-east of the town, Groot Marico. The landfill site is approximately 2 Ha in size. The expected lifetime of the current disposal area is approximately 20 years. The waste is disposed of by using a trench method. Waste is not properly compacted but is covered when needed.

Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. The Municipality is not experiencing problems with the disposal of medical waste at their landfills. Waste generation growth estimates should take the economic growth, population wealth as well as the population growth rate into consideration as a zero increase in population size, but a fast growing economy will result in a waste generation growth and vice versa. The estimated waste generation models will give a prediction until the year 2014. Growth rates used were applied using Per Capita Waste Generation Figures as defined in the Minimum Requirements Documents. These growth rates do not take any recycling activities into account and is likely to be an overestimate of the waste generation figures.

Table 31: Solid Waste Service Delivery Levels

Solid Waste Service Delivery Levels				
Description	Households			
	2010/11	2011/12	2012/13	2013/14
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal:</u>				
(Minimum level)				
Removed at least once a week	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above</i>				
<i>sub-total</i>	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above</i>				
<i>percentage</i>	50.9%	47.1%	51.5%	44.8%
<u>Solid Waste Removal:</u> (Below				
minimum level)				
Removed less frequently than				
once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level</i>				
<i>sub-total</i>	2,790	3,015	2,678	2,755
<i>Below Minimum Service Level</i>				
<i>percentage</i>	49.1%	52.9%	48.5%	55.2%
Total number of households	5,685	5,699	5,523	4,991

Table 32: Households - Solid Waste Service Delivery Levels below the Minimum

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	2010/1	2011/1	2012/1	2013/14		
	1	2	3			
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						

Total households	26	33	33	33	33	34
Households below minimum service level	21	25	25	25	25	27
Proportion of households below minimum service level	79%	76%	0%	0%	76%	78
Informal Settlements						
Total households	3	2	2	2	2	3
Households below minimum service level	2	1	1	1	1	1
Proportion of households below minimum service level	80%					

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 33: Employees: Solid Waste Management Services

Employees: Solid Waste Management Services					
Job Level	2012/12	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	2	2	0	0
10 - 12	3	5	3	2	0
13 - 15	39	39	39	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0

Total	44	46	44	2	0
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*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table 34: Financial Performance 2013/14: Solid Waste Management Services

Financial Performance Year 2013/2014: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 553 445	5 175 637	4 300 008	7 553 445	31%
Expenditure:					
Employees	-	-	1 654 573	1 976 111	100%
Repairs and Maintenance	-	-	-	22 532	100%
Other	4 456 766	2 424 363	1 880 000	704 392	-244%
Total Operational Expenditure	4 456 766	2 424 363	3 534 573	2 703 035	10%
Net Operational Expenditure	-3 096 679	-2 751 274	-765 435	-4 850 410	43%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.4.7

Table 35: Capital Expenditure 2013/14: Waste Management Services

Capital Expenditure 2013/14: Waste Management Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5500	5500		0%	
Project A (Rehabilitation of Zeerust Landfillsite)	5500	5500	0	0%	5500
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

COMMENT ON WASTE MANAGEMENT SERVICES PERFORMANCE OVERALL

The municipality through support from the Department of Environmental Services busy with the licencing of the Groot Marico and Lehurutshe Landfill Sites.

3.5 HOUSING

INTRODUCTION TO HOUSING

The provision of adequate Housing is a National priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, National, Provincial and local government.

Our Housing strategy is to provide housing in line with the deliverables of Outcome 8, which is to develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements and to accelerate the delivery of housing. Various targets have been set to comply with Outcome 8.

The backlogs in housing can be summarised as approximately 20594 households living in informal structures, structures built of traditional material (mainly rural) or informal structures in a backyard. The municipality has a Housing Sector Plan.

We are currently in discussion with the Provincial Department of Human Settlements (PDOHS) to implement the housing needs register (HNR). This will assist in providing accurate data on the housing demand, The municipality has also identified various land parcels on which new housing developments can be implemented. These projects have been packaged for submission to the PDOHS. Further discussions are underway with the PDOHS&PS.

Housing Sector Plan: The Housing Sector Plan for the Municipality was developed and adopted by Council. The municipality is also prioritized by the National Department of Human Settlements (NDOHS) for all housing programme. Regular information sessions are held with various Communities to explain housing processes and home ownership awareness. Partnerships are also being initiated with social housing institutions to deliver rental housing.

Table 36: Percentage of Households with Access to Basic Housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal	Households in formal settlements	Percentage of HHs in formal settlements

	settlements)		
2010/11	24130	20433	84.7%
2011/12	31988	26019	81.3%
2012/13	40740	32872	80.7%
2013/14	40740	32872	80.7%

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 37: Employees: Housing Services

Employees: Housing Services					
Job Level	2012/13	2013/14			
	Employee	Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	(fulltime equivalents) No.	(as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management')					

then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Table 38: Financial Performance: 2013/14: Housing Services

Financial Performance 2013/14: Housing Services					
R'000					
Details	2012/13	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	COMPETENCY OF HUMAN SETTLEMENTS				
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Table 39: Capital Expenditure 2013/14: Housing Services

Capital Expenditure 2013/14: Housing Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
HOUSING PROJECTS PROVIDED BY HUMAN SETTLEMENTS					
Project A					
Project B					
Project C					

Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON HOUSING SERVICES PERFORMANCE OVERALL

As a Municipality, we are pleased to have contributed significantly to MDG of particular relevance is goal 7 target 11 which aims to achieve a significant improvement in the lives of 100 million shack dwellers by 2014. The target for eradication of informal settlements is part of the contribution of South Africa towards achieving this target as indicated in these goals hence Outcome 08 output 1 (upgrading of 400 000 households in well located informal settlements with access to basic services and secure tenure).

We facilitated three projects for the Financial Year 2013/2014 of which two of the three were in line with outcome 08 output 1 Informal Settlement Upgrade. We are pleased to report an achievement of 88% success rate by eradicating two major Informal Settlements namely Kruisrivier and Groot Marico.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2011/12 financial year provided indigent support on the basis of consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2013/2014 financial year, for financial reporting purposes, the rebates were identified separately in order to fully reflect the value of the free basic benefit. The total in the table below is based on the fact that Council has a consolidated bill and the number of households would therefore overlap from one service to the other.

Table 40: Cost of Free Basic Services Delivered: 2013/14

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13	2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	0	-	876,189	708,911	100%
Waste Water (Sanitation)	0	-	100,000	-	0%
Electricity	0	-	3,100,000	-	0%
Waste Management (Solid Waste)	0	-	250,000	-	0%
Total	0	-	4,326,189	708,911	0%

COMMENT ON FREE BASIC SERVICES PERFORMANCE OVERALL

COMPONENT B: TRANSPORT

The infrastructure has exceeded more than one lifespan across board which results in excessive potholes as a result of damaged / over utilised layer works. The rehabilitation of the streets is a challenge due to financial constraints and only emergency closing and management of potholes is possible with the current maintenance funding.

The upgrading of rural gravel roads is impractical due to lack or insufficient equipment and thus the maintenance done is blading or grading as and when needed and not continues due to insufficient of equipment.

3.7 ROADS

INTRODUCTION TO ROADS

For the year under review the municipality implemented MIG allocations awarded to the municipality for upgrading of streets from gravel to tar or paving.

The implementation of storm water is not possible due to the costs as per MIG standards , thus the roads also serves as the storm water channels. See municipal overview for detailed information.

Table 41: Gravel Road Infrastructure

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/paving	Kilometers Gravel roads graded/maintained
2011/12	4000km	-	4,5km	0
2012/13	4000km	-	0	45km
2013/14	4000km	1.4km	8,6km	45km

Table 42: Tarred Road Infrastructure

Tarred Road Infrastructure

Kilometers					
	Total tarred roads	New tar/Paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained/m ²
2011/12	4,5km	4,5,	0	0	0
2012/13	9km	0	0	0	30
2013/14	632km	8.6km	0	0	4300m ²

Table 43: Cost of Construction/Maintenance

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2011/12	0	0	0	30869	0	0
2012/13	0	0	0	7986	0	0
2013/14	0	0	0	41 796	0	1 800

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 44: Employees: Road Services

Employees: Road Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	0%
4 - 6	1	1	1	2	0%
7 - 9	4	4	4	0	0%
10 - 12	6	6	6	0	0%
13 - 15	0	0	0	9	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	11	12	11	12	100%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Table 45: Financial Performance: 2013/14 Road Services

Financial Performance 2013/2014: Road Services					
R'000					
Details	2012/2013	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	51,129,550	-	5,818,105	-779%
Expenditure:					
Employees	0	14,804,800	-	12,796,261	-16%
Repairs and Maintenance	0	2,480,000	-	1,138,221	-118%

Other	0	4,108,840	-	1,463,432	-181%
Total Operational Expenditure	0	21,393,640	-	15,397,914	-39%
Net Operational Expenditure	0	- 29,735,910	-	9,579,809	410%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

Table 46: Capital Expenditure 2013/14: Road Services

Capital Expenditure 2013/14: Road Services					
					R' 000
Capital Projects	Year 0(13/14)				
	Budget	Adjustment t Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A(Sanflagte)	10 00000 0	0	5 886726	-70%	0
Project B(Welbedaght)	6 300000	0	5 766148	-9%	0
Project C (Swartkopfontein)	7000000	0	5 073538	-38%	0
Project D(Bosugakobo)	6 500000	0	3 664754	-77%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

COMMENT ON ROADS SERVICES PERFORMANCE OVERALL

The municipality managed to implement the entire allocation of MIG for roads during the 2013/2014 financial year including the roll over from the 2012/2013 financial year. All potholes have been patched during the financial year.

3.8 TRANSPORT(INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The municipality does not have public bus transport.

The vehicle licensing is rendered under Public Safety Unit. There is only one Vehicle Testing Station within the municipality.

Table 47: Employees: Transport Services

The municipality does not have transport services

Table 48: Financial Performance 2013/14: Mechanical Workshop

Financial Performance Year 2013/14: Mechanical Workshop					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	5 748 022	5 748 022	3 326 830	
Expenditure:	-	-			
Employees	-	-	1 864 771	1 860 365	
Repairs and Maintenance	-	-	4 663 734	2 126 389	
Other	5 018 533	5 748 022	2 998 449	1 633 529	
Total Operational Expenditure	5 018 533	5 748 022	9 526 954	5 620 283	
Net Operational Expenditure	-5 018 533	-	-3 778 932	-2 293 453	-

Table 49: Capital Expenditure 2013/14: Mechanical Workshop

Capital Expenditure 2013/14: Mechanical Workshop					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No capital projects during the 2013/2014 financial year					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

COMMENT ON MECHANICAL WORKSHOP SERVICES PERFORMANCE OVERALL

All the municipal vehicles are roadworthy/in good working conditions. A firewall was constructed around the municipal workshop.

3.9 WASTE WATER (STORM WATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

For the year under review the municipality implemented MIG allocations awarded to the municipality for upgrading of streets from gravel to tar or paving.

The implementation of storm water is not possible due to the costs as per MIG standards , thus the roads also serves as the storm water channels.

Table 50: Storm water Infrastructure

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2011/12	4,5	5,0 ,	0	3,5
2012/13	54	8,9	9,0	45
2013/14	-	8,1	20,0km	20km

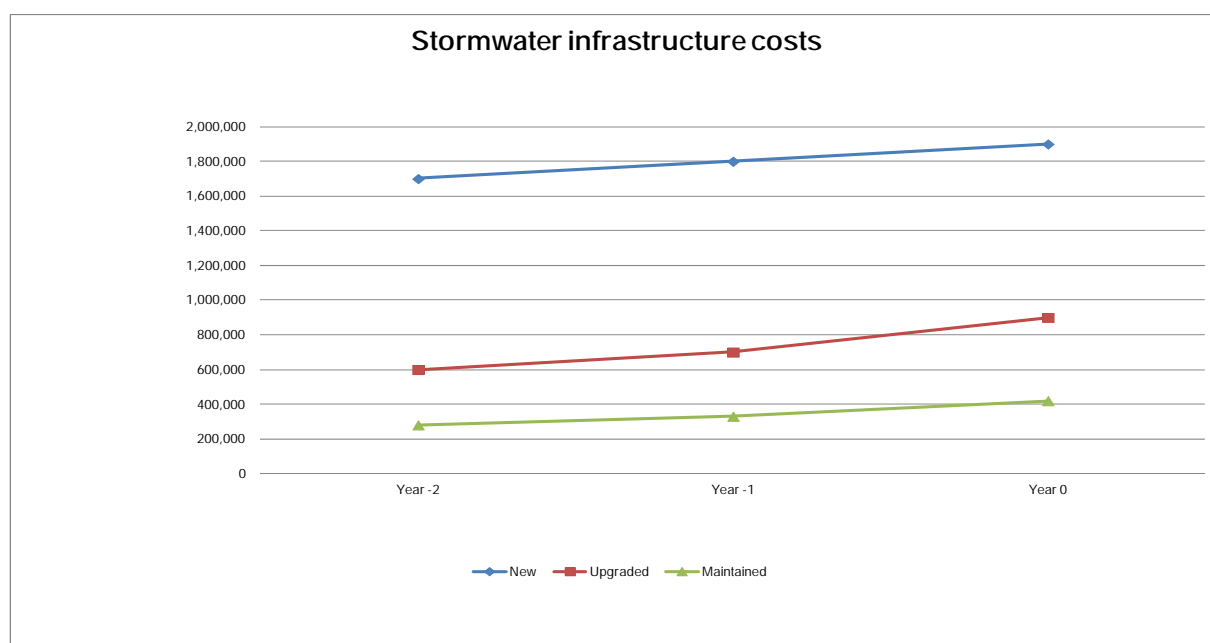


Figure 9: Storm Water Infrastructure Costs

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 51: Employees: Storm Water Services

Employees: Stormwater Services					
Job Level	2012/13	2013/14			
	Employee	Posts	Employees	Vacancies	Vacancies
	es			(fulltime	(as a % of
	No.	No.	No.	equivalents)	total posts)
				No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	5	8	8	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	6	9	9	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days</i></p>					

Table 52: Capital Expenditure 2013/14: Storm Water Services

Capital Expenditure 2013/14: StormWater Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
NO PROJECTS DURING 2013/2014 FINANCIAL YEAR					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The majority of storm water drainage system in the Zeerust Town were cleaned and maintained. 8.6km's of new stormwater measures were created alongside the newly constructed roads.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The objective of town planning is to be able to work hand in hand with the communities in their attempts to achieve service delivery and make their lives successful within their environment. Town planning deals with areas that need intervention by making sure that areas change for the betterment of people who are staying within those areas.

The challenge that is facing town planning is an increase of unauthorised land use as a result of rigid legislation in terms of enforcing unauthorised land use and a shortage of human capacity to enforce unauthorised land uses.

3.10 PLANNING

INTRODUCTION TO PLANNING

The strategy of town planning for 2012/13 was to be more pro-active in development by working hand-to-hand with developers who want to invest in the municipality.

Table 53: Applications for Land Use Development

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2008/ 09	2009/ 10	2010 /11	2011/ 12	2012 /13	2013/ 14
Planning application received	0	11	34	117	88	155
Determination made in year of receipt	0	18	28	102	76	155
Determination made in	0	0	0	3	12	0

following year						
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	3	6	12	12	0

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 54: Employees: Planning Services

Employees: Planning Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	5	5	5	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	6	6	6	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

Table 55: Financial Performance 2013/14: Planning Services

Financial Performance Year 2013/2014: Planning Services					
R'000					
Details	2012/2013	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14 070 667	7 461 551	6 507 797	69 732 470	89%
Expenditure:					
Employees	-	-	4 430 192	17 522 038	100%
Repairs and Maintenance	-	-		4 537 085	100%
Other	14 982 939	7 461 551	1 286 972	7 364 421	-1%
Total Operational Expenditure	14 982 939	7 461 551	5 717 164	29 423 544	75%
Net Operational Expenditure	912 272	-	-790 633	-40 308 925	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.10.5					

Table 56: Capital Expenditure 2013/14: Planning Services

Capital Expenditure 2013/14: Planning Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	35,000	-	113,143		
Project A	35,000		113,143		

Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The municipality has allocated land in terms of SDF for the extension of Industrial or commercial areas. Developers had been given opportunities to come up with business plans on how to expand our economic hub, which is Zeerust. There is less progress in this regard.

3.11 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

The municipality in aligning to the 2014 national growth and development millennium goals in halving the unemployment rate concluded an agreement with Morris International to establish a chicken abattoir project.

Table 57: Economic Activity by Sector

Economic Activity by Sector			
	R '000		
Sector	2010/11	2011/12	2012/13
Agric, forestry and fishing		6000	2700
Mining and quarrying		0	0
Manufacturing		60000	180000
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0

Govt, community and social services	0	0	0
Infrastructure services	0	0	0
Total		66000	182700

Table 58: Economic Employment by Sector

Economic Employment by Sector			
Sector	Jobs		
	2011/12 No.	2012/13 No.	2013/14 No.
Agric, forestry and fishing	-	90	105
Mining and quarrying	-	-	-
Manufacturing		60	73
Wholesale and retail trade	-	-	21
Finance, property, etc.	-	-	
Govt, community and social services	1,444	800	2,582
Infrastructure services	120	134	355
Total	1,564	1,084	

COMMENT ON LOCAL JOB OPPORTUNITIES

The economic downturn has seriously affected the creation of new jobs in the municipality. Marginal gains have been made in the manufacturing and finance/property sectors, with the most significant increase in jobs coming from the Government/community services sector. Local businesses are not expanding.

The municipality will also be putting two strategically located sites along the N4 on the market for development, and coupled with the various shopping malls

developments proposed in the Zeerust area, we expect a significant number of jobs to be created.

Jobs Created during 2013/14 by LED Initiatives (Excluding EPWP projects)

Table 59: LED Projects by Ward

WARD	NAME OF PROJECT	PRODUCT/SERVICE
1	Vezekile Baking and Catering	Confectionery equipment
2	Lakabani Garden City	AGRICULTURAL EQUIPMENT
3	Bontle Pottery	AGRICULTUARAL EQUIPMENT
4	Borakalalo Farmers	CATTLE FEEDS, PESTICIDES, HERBICIDES ETC.
5	GO JEWA GO BEREKWA	BRICK MAKING MATERIAL
6	UNIVERSAL PRINTERS	ICT EQUIPMENT
7	Gaetlhaole Sewing Project	INDUSTRIAL SEWING MACHINE AND EMBROIDERY MACHINE
8	LEKUBU BEEKEEPING	THE MEMBERS OF THE PROJECT WERE sent FOR TRAINING IN BEE KEEPING. ALL SUCCESSFULLY COMPLETED THEIR TRAINING. VERY SOON WE ARE GOING TO HAVE A CERTIFICATE AWARDING CEREMONY FOR THEM
9	ITEKENG BASADI LAUNDRY AND CLEANING SERVICES	2 X LG TOPLOADER WASHING MACHINES ,2 X TOP LOADER TUMBLE DRYERS ,4 X BIG WASHING BASINS, 4 X STEAM IRONS
10	HLAGANANI MAKHOZIKAZI	1X INDUSTRIAL SEWING MACHINE ,1 X EMBROIDERY MACHINE.
11	MPHATLHOLELE PROJECT	AGRICULTURAL EQUIPMENT, SEEDS, HERBICIDES, POLES, FENCING MATERIAL, A BIG GATE AND MANY MORE.
12	Bakopane Cleaning Service Project	GARDEN CLEANING SERVICES MATERIAL
13	Tlotlang Madiba	AGRICULTURAL EQUIPMENT , SEEDS FENCING AND

WARD	NAME OF PROJECT	PRODUCT/SERVICE
	Vegetable Project	HERBICIDES
14	ITIRELENG BRICKS	BRICK MAKING MATERIAL
15	KRUISRIVIER SEWING PROJECT	THE PROJECT OWNERS WERE SEND FOR DRESSMAKING SEWING TRAINING , THEY ARE CURRENTLY FURTHERING THEIR TRAINING AT MMABANA LEHURUTSE.
16	BOTHAKGA CULTURAL GROUP	CULTURAL DANCE ATTIRE, GUMBOOT DANCE CLOTHING, CONTEMPORARY DANCE CLOTHING AND A PA SYSTEM
17	GROOT MARICO FRESH PRODUCE.	AGRICULTURAL EQUIPMENT ,SEEDS FERTILIZERS AND MANY MORE
18	RASERATE PROJECT	1X TWO ROOMED ZOZO , 1 X VELD TOILET , 2X INDUSTRIAL MACHINES , 1X MANUAL MACHINE , 1X ROLL THREE CATS MATERIAL
19	MASEBUDULE VEGETABLE PROJECTS	AGRICULTURAL EQUIPMENT ,SEEDS FERTILIZERS AND MANY MORE
20	PUOENG TRADING	3X ROLLS TRACK SUIT MATERIAL , 2X ROLLS SCHOOL TRACKSUITE MATERIAL , 1X ROLL QUILTING , MATERIAL , 1X INDUSTRIAL MACHINE.

Table 60: Jobs Created during 2013/14 by LED initiatives

Jobs Created during 2013/14 by LED Initiatives (Excluding EPWP and CWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2011/12	180	0	0	LED Start-up files
2012/13	406	0	0	Housing Projects files
2013/14	3067	0	0	Start up, CWP and Brick Macking Machine

PMU (2012/13)				
Groot Marico Kruisrivier Housing project (2013/14)				Housing Projects (250 jobs)
Start-up fund (2013/14)				Start up (3067 jobs)

Table 61: Job Creation through EPWP Projects

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2011/12	7	979
2012/13	7	1 067
2013/14	7	1 665

POLICY OBJECTIVES TAKEN FROM IDP AND SDBIP

Performance information is included in the 2013/14 Annual Performance Report, which is included as Volume II to the Consolidated Annual Report of the municipality.

Table 62: Employees: LED Services

Employees: Local Economic Development Services					
Job Level	2012/1 3	2013/14			
	Employ ees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	2	3	3	0	0%
10 - 12	0	0	1	0	0%
13 - 15	0	0	0	0	0%

16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	5	5	0	100%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days*

Table 63: Financial Performance 2013/14: LED Services

Financial Performance 2013/14: Local Economic Development Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		12,935,201	-	14,070,667	8%
Expenditure:					
Employees		1,784,636	-	1,675,235	-7%
Repairs and Maintenance		500,000	-	448,533	-11%
Other		4,583,500	-	7,859,171	42%
Total Operational Expenditure		6,868,136	-	9,982,939	31%
Net Operational Expenditure		-6,067,065	-	-4,087,728	-48%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

Table 64: Capital Expenditure 2013/14: LED Services

Capital Expenditure 2013/14: Economic Development Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	322,000				
Project A	311,000				
Project B	11,000				
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF LED SERVICES OVERALL

The Municipal Council has adopted the Local Economic Development Strategy and the Implementation Plan.

DISTRICT EXPO

The Municipality successfully hosted the first District EXPO. SMME's who were awarded the opportunity to exhibit their products, managed to make a notable profit

FUNDING OF SMME'S

The Municipality funded nine (9) SMME's to Start Up their businesses during the 2013/14 Financial Year. The Unit managed to register one hundred and forty five (145) Cooperatives.

BRICKMAKING MACHINE

The Brickmaking Machine was commissioned during May 2014. The Unit is currently finalizing the compliance issues around operation of the machine.

HERITAGE DATABASE

The Unit successfully finalized the development of the Municipal Heritage Data Base

COMMUNITY WORKS PROGRAMME

The Community Works Programme has employed the total number of one thousand and fifty eight (1058) workers. After they were appointed they were then allocated to the different wards.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries community halls, cemeteries and other social programmes.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality is responsible for Libraries, Community Halls, Cemeteries and other Social Programmes.

3.12 LIBRARIES AND COMMUNITY FACILITIES

SERVICE STATISTICS FOR LIBRARIES AND COMMUNITY FACILITIES

Table 65: Employees: Libraries and Community Facilities

Employees: Libraries and Community Facilities					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	3	1	2	67%
13 - 15	7	7	7	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	10	8	2	20%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget</i>					

or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Table 66: Financial Performance 2013/14: Libraries and Community Facilities

Financial Performance Year 2013/2014: Libraries					
R'000					
Details	Year 2012/2013	Year 2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	683 282	7 683 008	943 922	838 935	0
Expenditure:					0
Employees	-	-	528 218	432 557	0
Repairs and Maintenance	-	-	-	-	0
Other	743 508	7 683 008	147 000	113 159	0
Total Operational Expenditure	743 508	7 683 008	675 218	545 716	0
Net Operational Expenditure	60 226	-	-268 704	-293 219	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.12.5					

Table 67: Capital Expenditure 2013/14: Libraries and Community Facilities

Capital Expenditure 2013/14: Libraries and Community Facilities					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-

NO	CAPITAL				
EXPENDITURE		-	-	-	-
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF LIBRARIES AND COMMUNITY FACILITIES

The municipality hosted library holiday and outreach programmes throughout the municipality, ie. Groot Marico, Zeerust, Lehurutshe and Supingstad. The learners were also assisted with reference books and internet services. Due to the financial constraints of the municipality there were no capital projects for the libraries..

3.13 CEMETERIES AND CREMATORIA

INTRODUCTION TO CEMETERIES AND CREMATORIA

The unit endeavours to provide a service for the burial and/or cremation of every resident and ratepayer living within the Ramotshere Municipal area by continuing to seek best practices in the industry and to also provide a pauper burial service for indigent residents of the municipality.

The identification of new cemeteries is vital because of the lack of burial space in the existing cemeteries. There are four cemeteries in the urban areas such as Zeerust, Groot Marico, Ikageleng and Lehurutshe. The municipality has been assisting in establishing new cemeteries in rural areas. There were 11 cemeteries established and fenced. The challenge with rural cemeteries is that the traditional leaders do not want to subscribe to issues of EIAs prior to establishment.

Table 68: Employees: Cemeteries and Crematoria

Employees: Cemeteries and Crematoria					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	8	8	8	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	10	10	10	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

Table 69: Financial Performance 2013/14: Cemeteries and Crematoria

Financial Performance Year 2013/2014: Cemeteries and Crematoriums					
R'000					
Details	Year 2012/2013	Year 2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 604 839	2 113 026	972 807	4 081 924	0

Expenditure:					0
Employees	-	-	734 046	6 797 022	0
Repairs and Maintenance	-	-	-	607 145	0
Other	583 581	2 113 026	75 000	3 406 108	0
Total Operational Expenditure	583 581	2 113 026	809 046	10 810 275	0
Net Operational Expenditure	-1 021 258	-	-163 761	6 728 351	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.13.5</i>

Table 70: Capital Expenditure 2013/14: Cemeteries and Crematoria

Capital Expenditure 2013/14 Cemeteries and Crematoria					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No Capital Expenditure					
Project A-Fencing of Rural Cemeteries	R 700 000	--	R 590 000	R 110 000	
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIA OVERALL

The Municipality has during the financial year funded projects for the fencing and cleaning of rural graveyards..

COMPONENT G: SECURITY AND SAFETY

3.20 PUBLIC SAFETY

INTRODUCTION TO SECURITY AND PUBLIC SAFETY

The department of Public Safety helps ensure a safe environment and improve the quality of life through effective Traffic policing combined with efficient use of security officers. Traffic services include:

1. Control and regulate all forms of Traffic, promote education and training on the road and traffic safety
2. Attend scenes of motor vehicle collisions and assist with traffic control, removal of injured persons and removal of vehicles so that traffic may flow freely again.
3. Eliminate points of congestion, obstruction, hindrance, interference or danger to vehicles and pedestrian

Table 71: Public Safety Data

Public Safety Data					
	Details	2011/12	2012/13		2013/14
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	NW DEPARTMENT OF PUBLIC SAFETY			
2	Number of by-law infringements attended				
3	Number of traffic officers in the field on an average day	13	13	13	13
4	Number of traffic officers on duty on an average day	13	13	13	13

Table 72: Employees: Public Safety

Employees: Public Safety					
Job Level	2012/13	2013/14			
	Employee s No.	Posts No.	Employee s No.	Vacancies (fulltime equivalen ts) No.	Vacancies (as a % of total posts) %
Chief Traffic Officer & Deputy	1	1	1	0	
0 - 3	2	2	2	0	0%
4 - 6	1	1	1	0	0%
7 - 9	19	19	19	0	0%
10 - 12	5	7	5	2	29%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	28	30	28	2	7%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

Table 73: Financial Performance 2013/14: Public Safety

Financial Performance 2013/14:Public Safety					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue			10,334,303	5,486,128	
Expenditure:					

Traffic Officers					
Other employees			5,155,341	8,125,478	
Repairs and Maintenance			30,000		
Other			6,943,962	2,030,108	
Total Operational Expenditure			12,129,303	10,155,586	
Net Operational Expenditure			-1,795,000	-4,669,458	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMMENT ON THE PERFORMANCE PUBLIC SAFETY OVERALL

The municipality has appointed a service provider to deal with various issues related to traffic. Summonses are issued by the chief traffic officer through the courts.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL AND CONTROL OF PUBLIC NUISANCES

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL AND CONTROL OF PUBLIC NUISANCES

Disaster Management is the Competency of NMMDM. Ramotshere Moiloa Local Municipality only coordinates Local Disaster Management Consultative Forum.

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

Sport and Recreation entails the maintenance, development and management of all municipal sports facilities. It also includes the promotion and development of sports and recreation.

3.23 SPORT AND RECREATION

Table 74: Employees: Sport and Recreation

Employees: Sport and Recreation					
Job Level	2012/13	2013/14			
	Employee	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	4	2	2	0%
13 - 15	14	28	14	14	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	18	34	18	16	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of					

working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Table 75: Financial Performance 2013/14: Sport and Recreation

Financial Performance 2013/14: Sport and Recreation					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 491 143	2 800 574	4 164 534	1 169 791	0%
Expenditure:	-	-	-	-	0%
Employees	-	-	3 701 094	1 588 453	0%
Repairs and Maintenance	-	-	50 000	12 879	0%
Other	1 337 613	2 800 574	209 440	911 274	0%
Total Operational Expenditure	1 337 613	2 800 574	3 960 534	2 512 606	0%
Net Operational Expenditure	153 530	-	204 000	-1 342 816	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

No Capital Projects for 2013/14. Only essential and emergency repairs and maintenance were effected during the 2013/2014 financial year.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Council support includes all administrative support that is provided to the offices of the Mayor, Speaker and Municipal Manager. The main purpose for the existence of this sub-unit is to give administrative support, primarily to Council and its committees and to ensure smoothness of Council's decision-making process.

The sub-unit commits itself to providing efficient printing service to Council & business units; quality minutes and efficient record keeping of all minutes of Council and its committees.

This sub-unit ensures that Council agendas are delivered on time to councillors.

SERVICE STATISTICS FOR EXECUTIVE AND COUNCIL

Table 76: Service Statistics - Executive and Council

ITEM	NUMBER
TOTAL NUMBER OF COUNCILLORS	39
TOTAL NUMBER OF EXECUTIVE COMMITTEE MEMBERS	8

TOTAL NUMBER OF WARDS	20
TOTAL NUMBER OF WARD COMMITTEE MEETINGS	240
COUNCIL MEETINGS	8
EXECUTIVE COMMITTEE MEETINGS	8
COMMUNITY SERVICES PORTFOLIO MEETINGS	8
TECHNICAL SERVICES PORTFOLIO COMMITTEE MEETINGS	8
LED PORTFOLIO COMMITTEE MEETINGS	8
FINANCE PORTFOLIO COMMITTEE MEETINGS	8
CORPORATE SERVICES PORTFOLIO COMMITTEE MEETINGS	8
MPAC/OVERSIGHT COMMITTEE MEETINGS	8

Table 77: Employees: Executive and Council

Employees: Executive and Council					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	0	0	0	0	0%
7 - 9	6	6	6	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	8	8	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

Table 78: Financial Performance 2013/14: Executive and Council

Financial Performance 2013/14: Executive and Council
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R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 871 713	25 370 402	21 840 263	23 384 193	
Expenditure:			-	-	
Employees			15 905 364	14 606 166	
Repairs and Maintenance				30 490	
Other	23 116 743	25 370 408	11 646 539	9 713 622	
Total Operational Expenditure	23 116 743	25 370 408	27 551 903	24 350 278	-4%
Net Operational Expenditure	18 245 030	6	-5 711 640	-966 085	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Table 79: Capital Expenditure 2013/14: Executive and Council

Capital Expenditure 2013/14: Executive and Council					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	7,496,515	-	6,833,700		
Project A: Buildings	5,989,915		1,357,673		280
Project B: Minor Plant					150

	-		4,776		
Project C: Motor Vehicles	-		556,838		320
Project D: Office Equipment	850,800		96,926		
Project E: Furniture and Fittings	655,800		377,790		
Project F: Computer Equipment	-		3,688,373		
Project G: Plant and Equipment	-		751,325		
Project H: Transport Facilities	-		573,622		
Project I: Machine and Equipment	750,000		89,757		
Project J: Machine and Equipment	30,000		149		
Project H					
Project J					90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The Portfolio Committees held meetings on a regular basis which were submitted to Council through the Executive Committee. The municipality was also able to meet the legislative deadlines in the development and submission of the Annual Performance Report for 2012/13, Annual Report 2012/13, Oversight Report 2012/13 and also the Section 72 Mid-Year Budget & Performance review.

3.25 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

The Financial Services comprises with the following sections, namely:

- Budget Unit
- Expenditure Unit
- Revenue and Income Management Unit
- Supply Chain Management Unit

Table 80: Debt Recovery

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2011/12		2012/13			2013/14	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates						18,407,196	
Electricity - B						24,323,069	
Electricity - C						12,064,598	
Water - B						5,530,335	

Water - C						6,852,808	
Sanitation						1,836,648	
Refuse						2,383,479	
Other							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							

National Key Performance Area for this business unit is a financial viability management. Programmes pertaining to the sections are as follows:

- **Budget** -budget management ,Reporting , Annual Financial Statement
- **Expenditure**-Trade and Sundry Payments, Payment of all invoices within 30 days, management of general insurance fund, remuneration management
- **Revenue and Income** -Credit Control and billing, policies
- **Supply Chain**-Supply chain management

Table 81: Employees: Financial Services

Employees: Financial Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	9	10	9	1	10%
7 - 9	11	16	11	5	31%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%

16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	24	30	24	6	20%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table 82: Financial Performance 2013/14: Financial Services

Financial Performance 2013/14: Financial Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43 781 866	107 293 810	30 187 343	69 778 100	-54%
Expenditure:					
Employees	-	-	12 022 032	12 661 271	100%
Repairs and Maintenance	-	-	55 004	21 042	100%
Other	38 479 846	72 571 068	9 853 800	7 658 017	-848%
Total Operational Expenditure	38 479 846	72 571 068	21 930 836	20 340 330	-257%
Net Operational Expenditure	-5 302 020	-34 722 742	-8 256 507	-49 437 770	30%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Table 83: Capital Expenditure 2013/14: Financial Services

Capital Expenditure 2013/14: Financial Services
R' 000

Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No Capital Expenditure					
Project A	0				
Project B	0				
Project C	0				
Project D	0				
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management encompasses Personnel, Job Evaluation, Employee Relations and occupational Safety. Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff, employee benefits wellness. The Municipality's Human Resources function is aimed at ensuring enhanced service delivery with efficient institutional arrangements by increasing levels of employee morale.

Table 84: Employees: Human Resources

Employees: Human Resource Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	2	2	1	1	50%
7 - 9	4	3	2	1	33%

10 - 12	7	10	10	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	17	19	17	2	96%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table 85: Financial Performance 2013/14: Human Resources

Financial Performance 2013/14: Human Resource Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8 424 041	3 791 000	5 154 804	4 081 924	7%
Expenditure:					
Employees	-	-	1 981 807	6 796 766	100%
Repairs and Maintenance	-	-	1 000 000	607 146	100%
Other	9 788 580	14 444 399	4 574 112	3 224 559	-348%
Total Operational Expenditure	9 788 580	14 444 399	7 555 919	10 628 471	-36%
Net Operational Expenditure	1 364 539	10 653 399	2 401 115	6 546 547	-63%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

Table 86: Capital Expenditure 2013/14: Human Resources

Capital Expenditure 2013/14: Human Resource Services
R' 000

Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0%	
No Capital Projects					
Project A				0%	280
Project B				0%	150
Project C				0%	320
Project D				0%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The performance within the unit was satisfactory, the recruitment process of Ramotshere Moiloa Local Municipality was done in accordance with the Municipal appointment policy, and the Municipality strive to select and recruit the best candidate to address skills gap within the Municipality, panel members consist of all directors within the Municipality. The municipality has achieved 100% of the filling of all critical positions during 2013/2014 as well as the review of all HR related policies.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Our mission is to be a respected internal service provider to all stakeholders of the Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intention to reach ensure that we develop an ICT Strategy that is aligned to IDP over a period of 3 years

Table 87: Employees: ICT Services

Employees: ICT Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employee s	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	2	2	0	100%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					

Table 88: Financial Performance 2013/14: ICT Services

R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
The budget was incorporated under Corporate Services Department					
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

Table 89: Capital Expenditure 2013/14: ICT Services

Capital Expenditure 2013/14: ICT Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjusted Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0%	
No Capital Expenditure					
Project A				0%	
Project B				0%	
Project C				0%	
Project D				0%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO LEGAL SERVICES

Constitutional and other legal imperatives require local government to participate in and develop extensive legal relationships. As social change agents local government interacts with individuals, interest groups, the private sector and other organs of state in a number of ways. Needless to say, Legal Services play a crucial role in such interaction.

Our essential and top priority has always been to minimize legal risk to the Municipality, whether it is on a proactive or reactive basis. This is done in relation to a number of activities, including civil court matters, the supply of sound legal advice and negotiating agreements.

During the past year particular emphasis was placed on ensuring that legal opinions and comments were timeously provided.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION TO ORGANISATIONAL DEVELOPMENT PERFORMANCE

Human Resources of the Municipality consists of the following Units:

Personnel; Job Evaluation; Employee Relations; Employment Equity; Skills Development; Organisational Development; Occupational Health and Safety; and HR Management Services.

The Human Resources Unit has a mandate in particular to address the following areas of responsibility:

- Recruitment, selection and employment;
- Pay and leave administration;
- Staff administration;
- Grading and remuneration;
- Sick leave management;
- Employee wellness;

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organisational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organisational culture to the business objectives to Improve organisational efficacy and measure.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 90: Employee Totals

Employees Totals					
Description	2012/13	2013/14			
	Employee No.	Approved Posts No.	Employee No.	Vacancies No.	Vacancies %
Technical Services					
Water	17	3	20	-17	%
Sanitation	26	1	66	-65	%
Electricity	13	14	14	0	%
Technical Services (Civil Engineering) PMU		1	1	0	
Mechanical Workshop		6	7	-1	
Public Works		15	64	-49	
refuse		0	8	-8	
Waste Management	44	27	0	27	
Total	100	67	180	-113	%
LED					
Housing	1	2	1	1	%
Town Planning		3	0		
LED		3	3		
Total	1	8	4	1	
Corporate Support Service					
Human Resource		3	14	-11	%
Labour Relations		1	2	-1	
ICT		5	2	3	
Skills Development		1	0	1	
Archives and Records		6	0	6	
Fleet Management		0	2	-2	
Total	0	16	20	-4	
Community Services					
Traffic (Public Safety)		28	30	-2	%
Parks and Environment		90	10	80	%
Libraries		15	3	12	%
Cemetery		0	2	-2	%
Security Services		3	0	3	%
Streets		0	19	-19	%

Total	0	136	64	72	%
MM					%
Legal Services		1	1	0	%
Communication	0	1	0	1	
Compliance		1	1	0	
IDP		1	1	0	
Executive Manager		1	2	-1	
Total	0	5	5	0	
Finance					%
Finance	0	60	78	-18	
Total	0	60	78	-18	
Executive Mayor					
Executive Mayor	0	11	6	5	
Total	0	11	6	5	
Speaker					%
Speaker	0	3	4	-1	
Total	0	3	4	-1	
Internal Audit					
Internal Audit	0	4	3	1	
Total	0	4	3	1	
Totals		310	364	-57	
					–
<i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i>					

Table 91: Vacancy rate: 2013/14

Vacancy Rate:2013/14			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	1	100.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	6	6	100.00
Other S57 Managers (Finance posts)	0	0	0.00
Traffic officers	16	16	100.00
Fire fighters	0	0	0.00
Senior management: Levels 0-3 (excluding Finance Posts)	23	5	21.74
Senior management: Levels 0-3 (Finance posts)	5	1	7.41
Highly skilled supervision: levels 4--6 (excluding Finance posts)	15	8	53.33
Highly skilled supervision: levels 7--9 (Finance posts)	24	9	37.50
Total	91	47	42.98
<p><i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>			

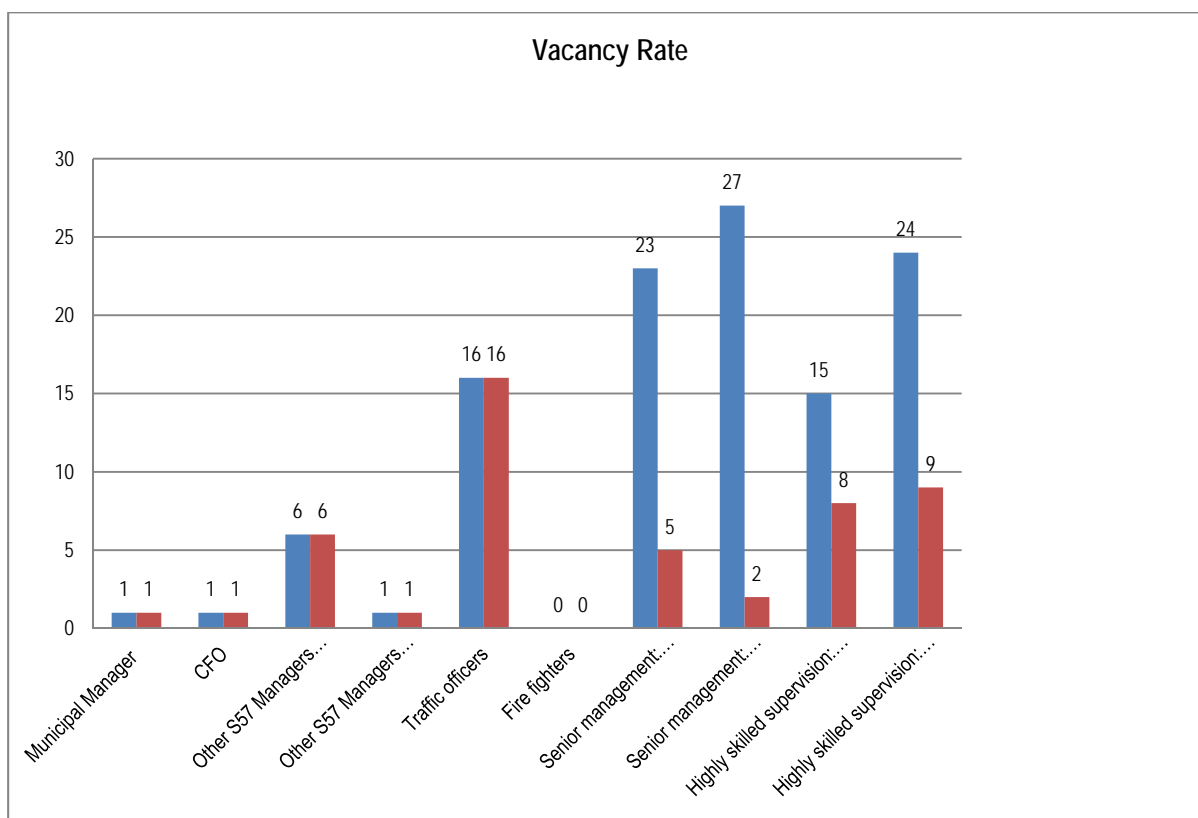


Figure 10: Vacancy Rate

Table 92: Turnover Rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2012/13	24	2	8%
2013/14	50	1	2%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			

COMMENT ON VACANCIES AND TURNOVER

The Municipality continuously provides training to employees to enhance their skills in relation to their day to day responsibilities. In addition staff is appointed to act in higher-level positions as part of their development. Several management and supervisory development programmes are also used for staff

development. The annual Workplace Skills Plan identifies training needs for all staff. Managerial and supervisory posts are advertised both internally and externally maintaining the possibility being filled by internal appointments.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Through the implementation of this policy then a need will rise to develop a succession policy which will be carefully interrogated within the context of retention of the skills in the organization and addressing the growing unemployment even among those young people that have graduated at our institutions of higher learning.

Range of Policies and Management practices:

1. Recruitment and Selection
2. Pay and Leave Administration
3. Grading and remuneration
4. Sick Leave Management Programmes
5. Training and Development

4.2 POLICIES

The Municipality has made much progress in the development of the required workforce policies and procedures. It is constantly reviewing these to ensure their continued applicability and relevancy and develops new policies when required.

Table 93: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100	100	SALGBC Main Collective Agreement
2	Attraction and Retention	100	100	
3	Code of Conduct for employees	100	100	
4	Delegations, Authorisation and Responsibility	100	100	
5	Disciplinary Code and Procedures	100	100	
6	Essential Services	100	100	
7	Employee Assistance / Wellness	100	100	
8	Employment Equity	100	100	
9	Exit Management	100	100	
10	Grievance Procedures	100	100	
11	HIV/Aids	100	100	
12	Human Resource and Development	100	100	
13	Information Technology	100	100	
14	Job Evaluation			
15	Leave	100	100	
16	Occupational Health and Safety	100	100	
17	Official Housing	100	100	
18	Official Journeys	100	100	
19	Official transport to attend Funerals			

20	Official Working Hours and Overtime	100	100	SALGBC Main Collective Agreement
21	Organisational Rights	100	100	
22	Payroll Deductions	100	100	
23	Performance Management and Development	100	100	
24	Recruitment, Selection and Appointments	100	100	
25	Remuneration Scales and Allowances	100	100	
26	Resettlement	100	100	
27	Sexual Harassment	100	100	
28	Skills Development	100	100	
29	Smoking	100	100	
30	Work Organisation	100	100	council
31	Uniforms and Protective Clothing			
32	Other:			
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 94: Number and Cost of Injuries on Duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	14	1	1%	14	
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	

Fatal	0	0	0%	0	
Total	14	1	1%	14	0

Table 95: Number of Days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	1782	-	1782	207	4.57	
Skilled (Levels 3-5)	971	-	971	49	2.49	
Highly skilled production (levels 6-8)	817	-	817	44	2.09	
Highly skilled supervision (levels 9-12)	676	-	676	54	1.73	
Senior management (Levels 13-15)	536	-	536	28	1.37	
MM and S57	25		25	8	0.06	
Total	4807	-	4807	390	12.33	
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

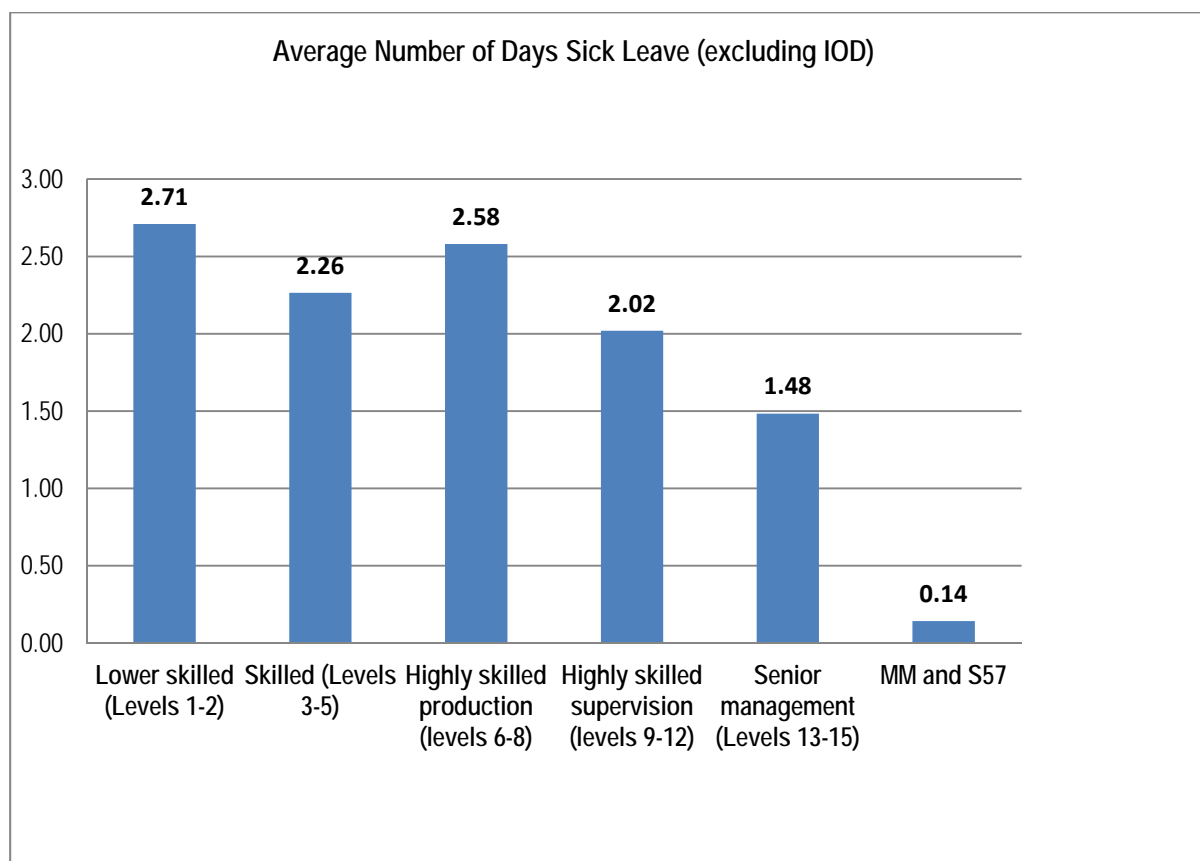


Figure 11: Average Number of Days Sick Leave

COMMENT ON INJURY AND SICK LEAVE

The following steps were taken during the year to reduce injuries on duty, sick leave management and follow-up action.

Table 96: Disciplinary Action Taken

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
General Assistant	Embezzlement of funds	01/04/201	Disciplinary in	In

		4	progress	progress
Sewerage Purification works Attendant	Embezzlement of funds	24/01/2014	Disciplinary finalized	28/07/2014
Supervisor Roads	Unauthorized usage of council vehicle	none	Disciplinary in progress	In progress
Supervisor Water	Unauthorized usage of council vehicle	22/08/2013	Disciplinary finalized	13/05/2014
General Assistant	Gross Dishonesty	22/08/2013	Disciplinary finalized	

Table 97: Disciplinary Action taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
General Assistant	Embezzlement of funds (± R 10 217.25)	In progress	
Sewerage Purification works Attendant	Embezzlement of funds (± R15 000.00)	Finalised	28/07/2014

COMMENT ON SUSPENSION AND CASES OF FINANCIAL MISCONDUCT

Ongoing management and control of the application of labour related procedures associated with maintenance of a sound labour relations climate by attending and guiding disciplinary procedure in line with collective agreement and specific code of the SALGABC and applicable laws.

Further observing the progressiveness of the disciplinary procedure and implementation of relevant precautionary measures, should employees be perceived as hindrance to the investigation and disciplinary process

4.4 PERFORMANCE REWARDS

The Municipality has not yet effectively implemented Performance Management within the organization. Performance Management is not being cascaded to the employees beyond the section 57-performance contract Employees. 2013/14 saw no performance reward beneficiaries, including Section 57 employees.

There was no performance rewards in the 2013/14 financial year due to non-availability of PMS system.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2013/14 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total					
Has the statutory municipal calculator been used as part of the					Yes/No

evaluation process ?	
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i></p>	

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68(1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organisation. There are training programmes that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behaviour of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 98: Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2014	Number of skilled employees required and actual as at 30 June 2014											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
MM and s57	Female	0	0	1	0	0	0	0	0	0	0	0	1	1
	Male	5	4	3	3	2	0	2	0	0		0	3	3
Councillors	Female	13	5	0	0	9	7	9	0	0	0	0	7	7
	Male	45	15	0	0	15	11	15	0	0	0	0	11	11
Managers	Female			2	2		0	0	0	0	0	0	2	2
	Male			2	2		0	0	0	0	0	0	2	2
Technicians and associate professionals*	Female	6	1	0	0	4	0	4	0	0	0	0		4
	Male	6	0	0	0	3	4	3	0	0	0	0	4	3
Interns	Female			3	3		0	0	0	0	0	0	1	1
	Male			1	1		0	0	0	0	0	0	3	3
Clerks	Female	11	8	10	10	1	0	1	0	0	0	0	10	11
	Male	34	17	4	4	10	0	10	0	0	0	0	4	14
Ward Committee Members	Female	10	3	0	0	4	10	4	0	0	0	0	10	4
	Male	7	4	0	0	2	11	2	0	0	0	0	11	2
Sub total	Female	23	8	4	4	17	17	13	0	0	0	0	19	13
	Male	57	23	4	4	22	22	19		0	0	0	28	19
Total		217	88	34	33	89	82	82	0	0	0	0	116	100

*Registered with professional Associate Body e.g CA (SA)

Table 99: Financial Competency Development

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipali- ty (Regulatio n 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulatio n 14(4)(a) and (c))	Consolidat ed: Total of A and B	Consolidat ed: Competen cy assessme nts completed for A and B (Regulatio n 14(4)(b) and (d))	Consolidat ed: Total number of officials whose performan ce agreemen ts comply with Regulation 16 (Regulatio n 14(4)(f))	Consolidat ed: Total number of officials that meet prescribed competen cy levels (Regulatio n 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	0	0
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	3	0	3	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
TOTAL	5	0	5	1	2	2
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

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4.5.2

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The Skills Development Budget is in line with the Skills Development Levies Act as the Municipality was budgeting 1% of the salary bill for Skills Development, (monies were re-allocated at mid-year due to non expenditure).

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003. The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programmes for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programmes:

1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance
5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance
10. Sick Leave monitoring and management
11. Wellness programmes
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of about 364 permanent employees is a responsibility of Human Resources together with IT Systems Management, through integrated software, VIP System. Financially all vacancies and programmes are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

4.6 EMPLOYEE EXPENDITURE



Table 100: Number of Employees whose Salaries were increased due to their Positions being Upgraded

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0

	Male	0
MM and S 57	Female	0
	Male	0
Total		0
<i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i>		

Table 101: Employees whose salary levels exceed the grade determined by job evaluation

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	

Table 102: Employees appointed to posts not approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. Appointed	Reason for appointment when no established post exist
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	

DISCLOSURES OF FINANCIAL INTERESTS

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description R thousands	2013/2014											Report unauthorised expenditure
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustment budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	30,000	–	30,000	–	–	30,000					30,000	
Service charges	81,029	–	81,029			81,029						
Investment revenue	85	–	85			85						
Transfers recognised – operational	93,412	–	93,412			93,412						
Other own revenue	50,817	–	50,817			50,817						
Total Revenue (excluding capital transfers and contributions)	255,343	–	255,343	–	–	255,343	–	–	–	–	30,000	
Employee costs	81,151		81,151			81,151						
Remuneration of councillors	11,479		11,479			11,479						
Debt impairment												

	30,850		30,850		30,850						
Depreciation & asset impairment	10,800		10,800		10,800						
Finance charges	3,296		3,296		3,296						
Materials and bulk purchases	40,000		40,000		40,000						
Transfers and grants	5,758		5,758		5,758						
Other expenditure	72,009		72,009		72,009						
Total Expenditure	255,343	–	255,343	–	255,343	–	–	–	–	–	
Surplus/(Deficit)											
Transfers recognised - capital			–		–						
Contributions recognised - capital & contributed assets			–		–						
Surplus/(Deficit) after capital transfers & contributions											
Share of surplus/ (deficit) of associate			–		–						
Surplus/(Deficit) for the year											
<u>Capital expenditure & funds sources</u>											
Capital expenditure											
Transfers recognised - capital	104,060		104,060		104,060						
Public contributions & donations	69,712		69,712		69,712						

Borrowing	–		–		–						
Internally generated funds	23,500		23,500		23,500						
Total sources of capital funds											
Cash flows											
Net cash from (used) operating	29,556		29,556		29,556						
Net cash from (used) investing	(29,556)		(29,556)		(29,556)						
Net cash from (used) financing	10,150		10,150		10,150						
Cash/cash equivalents at the year end											

Table 103: Financial Performance of Operational Services

Financial Performance of Operational Services						
R '000						
Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>						
Water	13,596	5,595	6,435	1,071	-422.66%	-501.11%
Waste Water					42.93%	83.64%
(Sanitation)	9,838	12,099	3,468	21,201	-28.88%	-16.69%
Electricity	57,017	54,084	48,968	41,963	87.12%	80.89%
Waste Management	4,457	2,424	3,597	18,818	0	0.00%
Municipal Buildings	657	1,855	880	–		
Component A: sub-total	85,564	76,057	63,348	83,053	8.42%	23.73%
Municipal Manager	3,763	6,012	5,121	–	0.00%	0.00%
Executive and Council	23,117	25,370	22,743	31,838	20.31%	28.57%
Mechanical Workshop	3,205	5,019	5,748	2,451	-104.73%	-134.49%
Component B: sub-total	30,084	36,401	33,612	34,289	(0)	(0)
Finance	38,480	72,571	49,241	24,053	-201.72%	-104.72%
Local Economic Development	14,983	7,462	9,029	12,439	40.01%	27.41%
Component B: sub-total	53,463	80,033	58,270	36,492	-119.32%	-59.68%
Planning	27,725	18,781	7,195	–	0	0.00%
Local Economic Development	–	–	–	–	0.00%	0.00%

Component C: sub-total	27,725	18,781	7,195	–	0	0.00%
Community & Social Services	4,717	13,109	4,586	–	0.00%	0.00%
Environmental Protection	–	–	–	–	0.00%	0.00%
Traffic	7,686	5,882	12,144	–	0.00%	0.00%
Security and Safety	541	7,835	7,834	–	0.00%	0.00%
Sport and Recreation	1,338	2,801	4,165	–	0.00%	0.00%
Corporate Services	9,789	14,444	11,730	27,959	48.34%	58.05%
Component D: sub-total	24,069	44,071	40,458	27,959	-57.63%	-44.71%
Total Expenditure	220,906	255,343	202,884	181,793	-40.46%	-11.60%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

COMMENT ON FINANCIAL PERFORMANCE

Actual operating expenditure was more in line with the expected budgeted spending. Our biggest downfall was on the debt impairment provision due to the non-collection of our service charges revenue and property rates. On the bulk purchases our anticipated demand for electricity was not met hence a big variance in the line item.

5.2 GRANTS

Table 104: Grant Performance

Grant Performance						
Description	2012/13	2013/14			2013/14 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustment Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	–	136,207	125,487	150,503		
Equitable share		88,637	88,637	88,637	100%	100%
Municipal Systems Improvement		890	890	890	100%	100%
Municipal Infrastructure Grant		30,995	20,995	48,019	155%	220%
Neighbourhood Development Grant		13,000	12,280	10,271	79%	80%
Finance Management Grant		1,550	1,550	1,551	100%	100%
Extended Public WorksProgram		1,135	1,135	1,135	100%	100%
Provincial Government:	–	500	500	–		
Health subsidy	–	–	–	–		
Housing	–	–	–	–		
Ambulance subsidy	–	–	–	–		
Sports and Recreation	–	500	500	–	0%	

Finance Management Grant						
District Municipality: [insert description]	–	–	–	–		
Other grant providers: [insert description]	–	–	–	–		
Total Operating Transfers and Grants	–	136,707	125,987	150,503		
Variances are calculated by dividing the difference between actual and original/adjustments budget by actual. Full list of provincial and national grants available from published gazettes.						

Table 105: Grants Received from other Sources than DoRA

No other grants were received during the financial year.

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2012/13	Actual Grant 2013/14	2013/14 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B -						

"Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organizations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality applied for a roll over on Municipal Infrastructure Grant (MIG) to the amount of R27m for projects already committed at year end. There was also roll over application on the Neighborhood Development Partnership Grant for projects in Ikageleng Township. These roll over applications were approved by the National Treasury.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has an asset management unit. The unit only had two positions and the structure was reviewed to include other positions. The functions under this unit were outsourced to external service providers. This unit will be developed and capacitated with skilled personnel in the new financial year.

Table 106: Treatment of the three largest assets

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2013/14				
Asset 1				
Name	Bomag Roller			
Description	Property, Plant and Equipment			
Asset Type	Plant and Machinery			
Key Staff Involved	Unit Manager water services			
Staff Responsibilities	Manager water services			
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0

Capital Implications	
Future Purpose of Asset	
Describe Key Issues	
Policies in Place to Manage Asset	

COMMENT ON ASSET MANAGEMENT

This unit will be capacitated with skilled personnel in the new financial year.

Table 107: Repair and Maintenance Expenditure: 2013/14

Repair and Maintenance Expenditure: 2013/14				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

Repairs and maintenance spending in relation to the total municipal budget expenditure is line with the approved National Treasury norms of around 7%.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

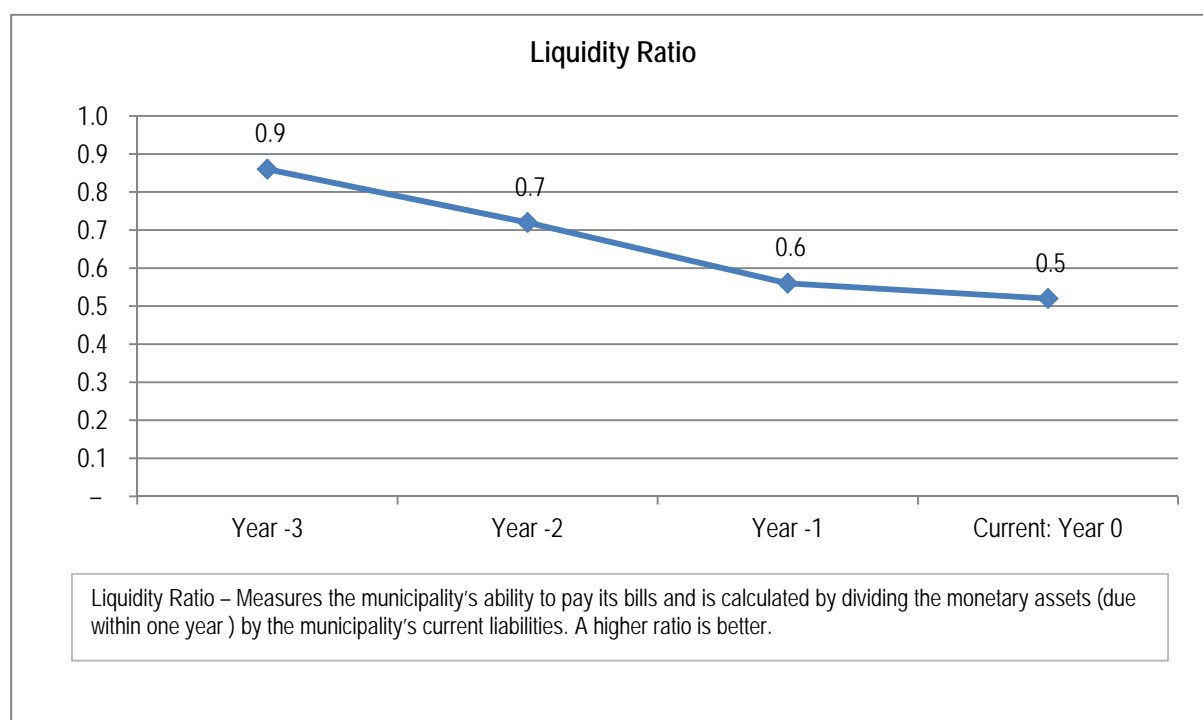


Figure 13: Liquidity Ratio

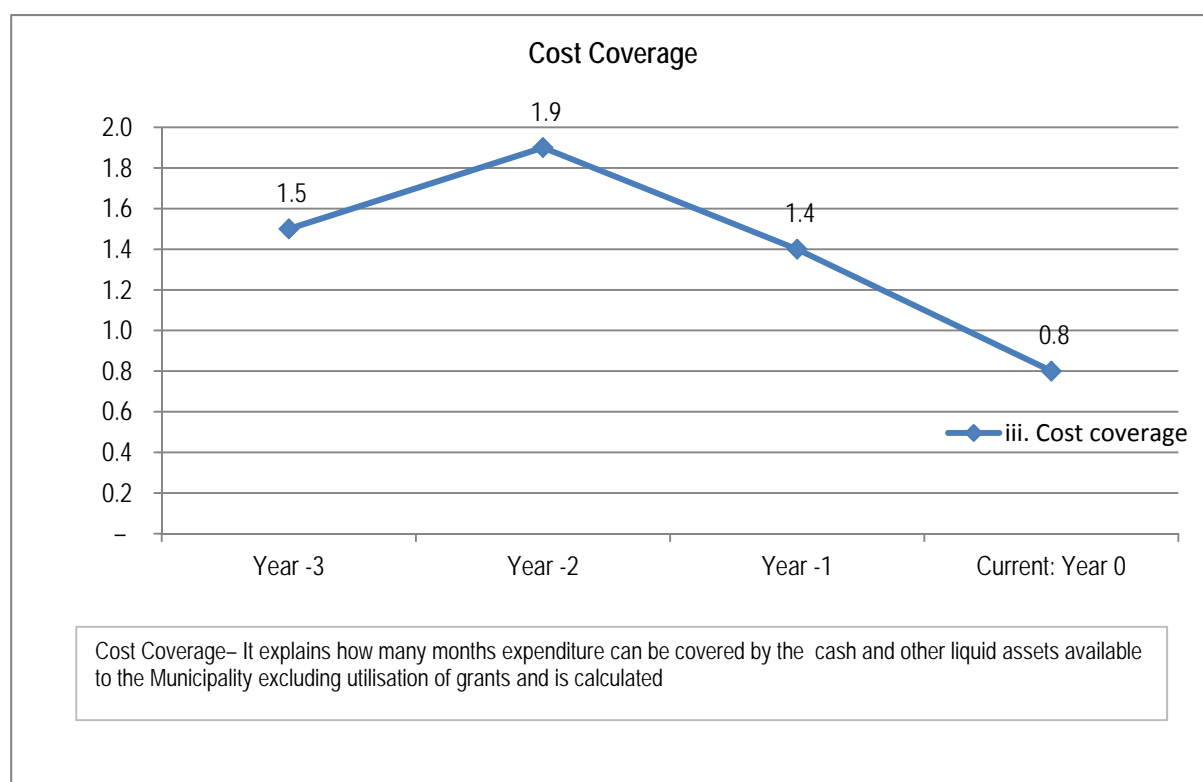


Figure 14: Cost Coverage

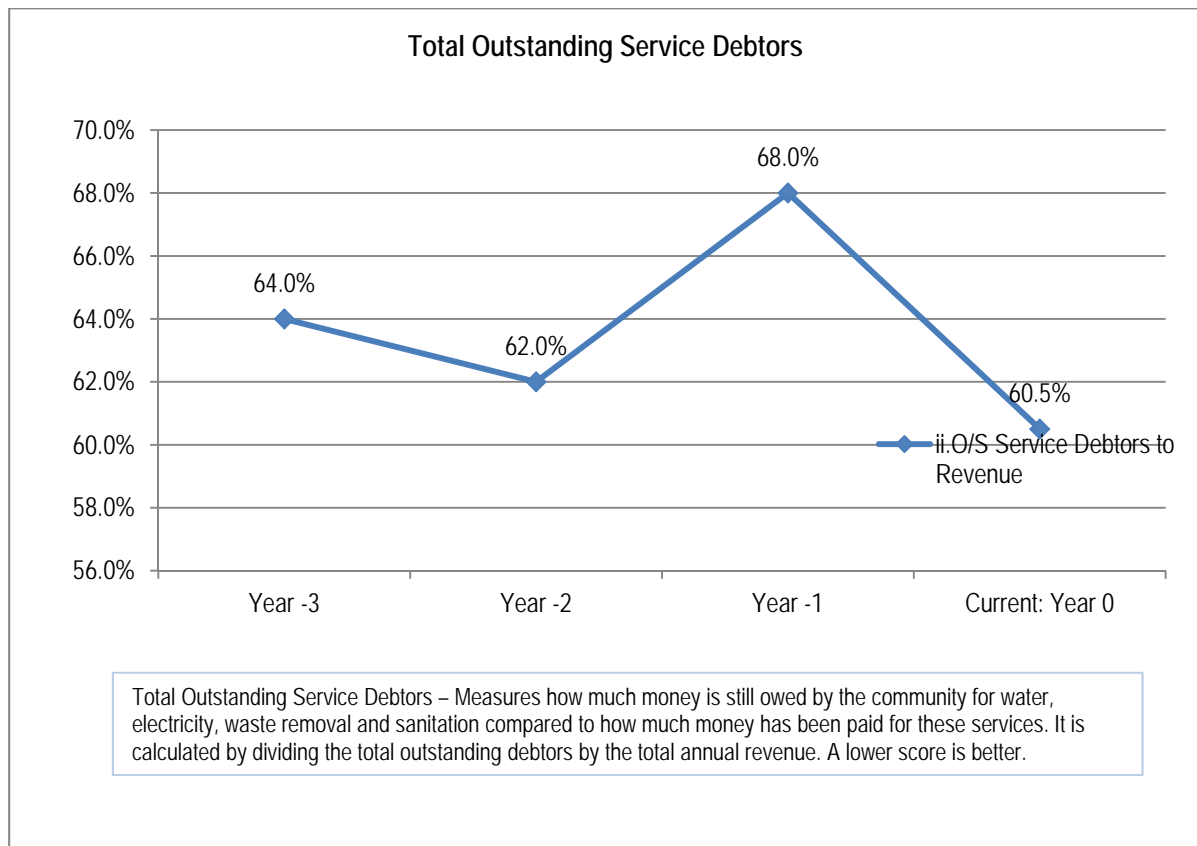


Figure 15: Total Outstanding Service Debtors

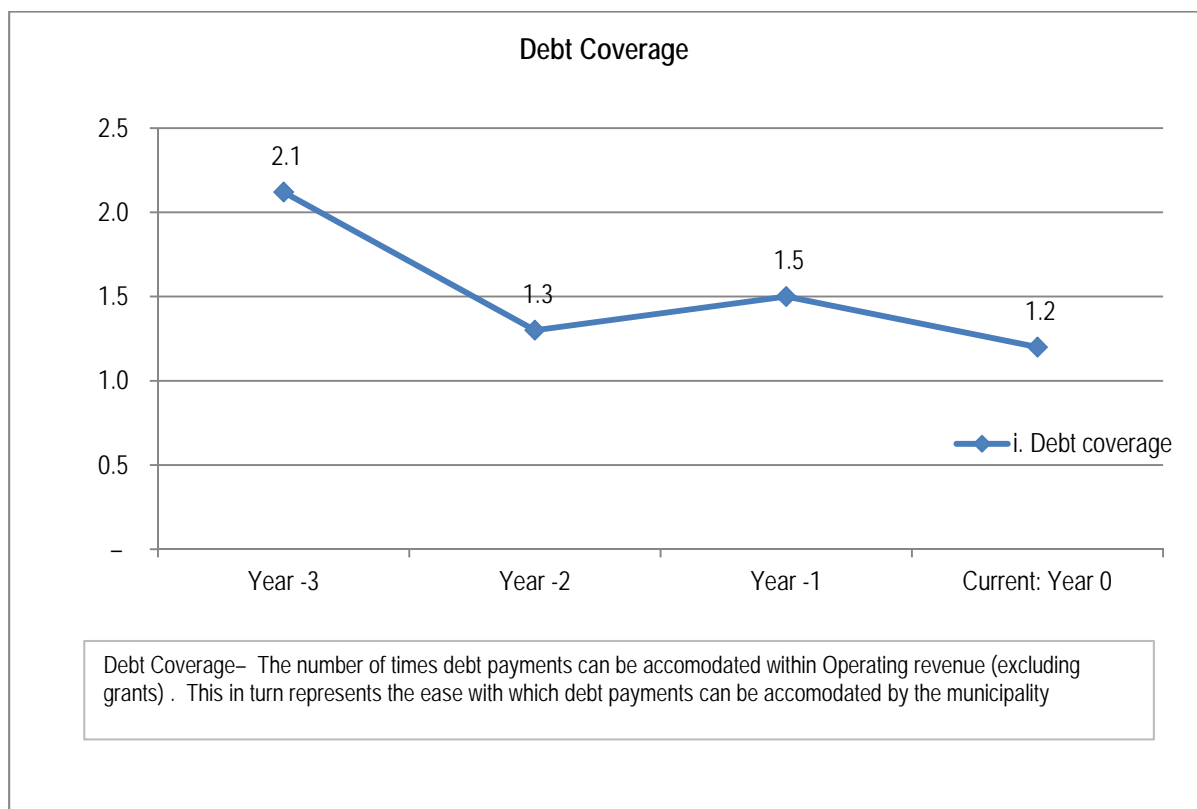


Figure 16: Debt Coverage

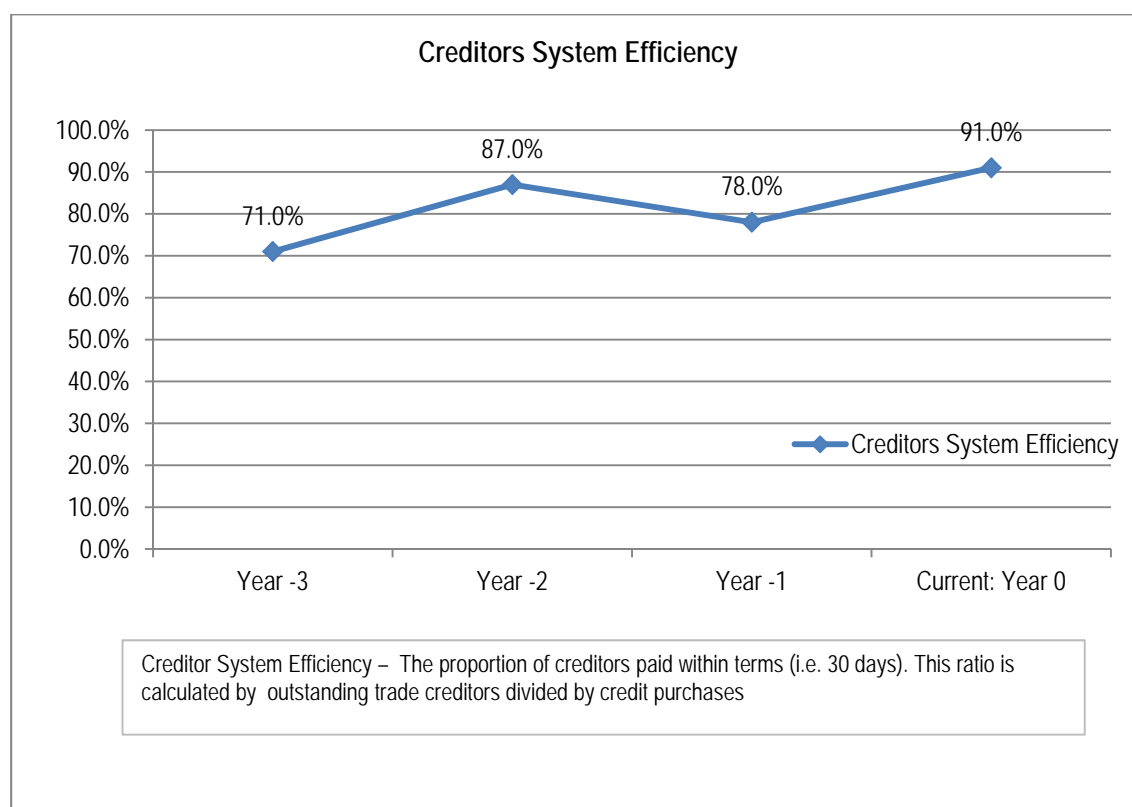


Figure 17: Creditors System Efficiency

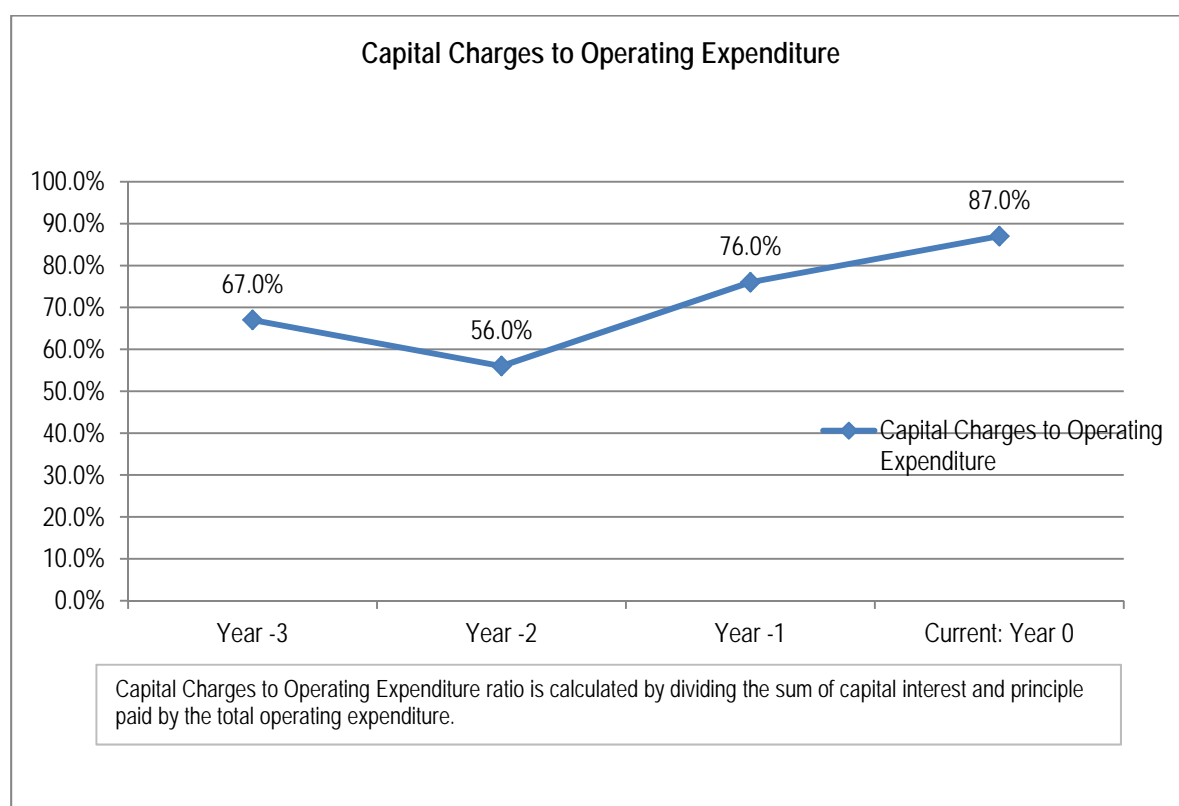


Figure 18: Capital Charges to Operating Expenditure

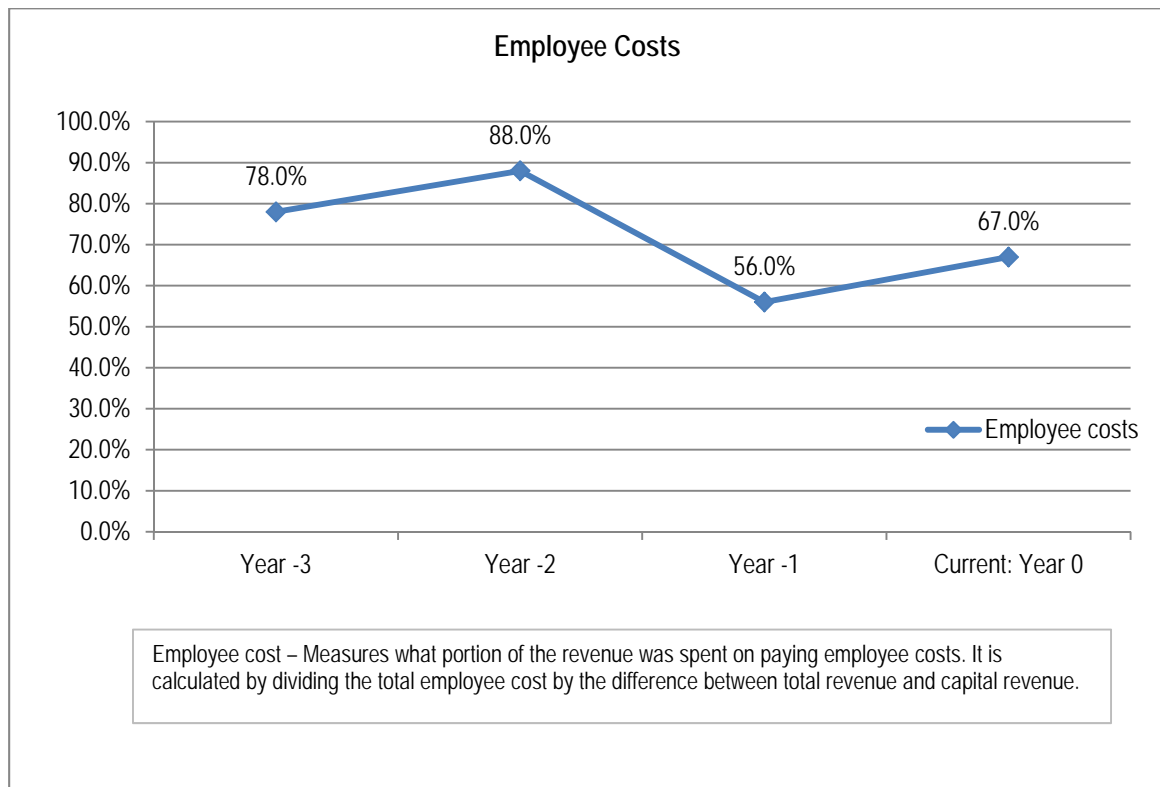


Figure 19: Employee Costs

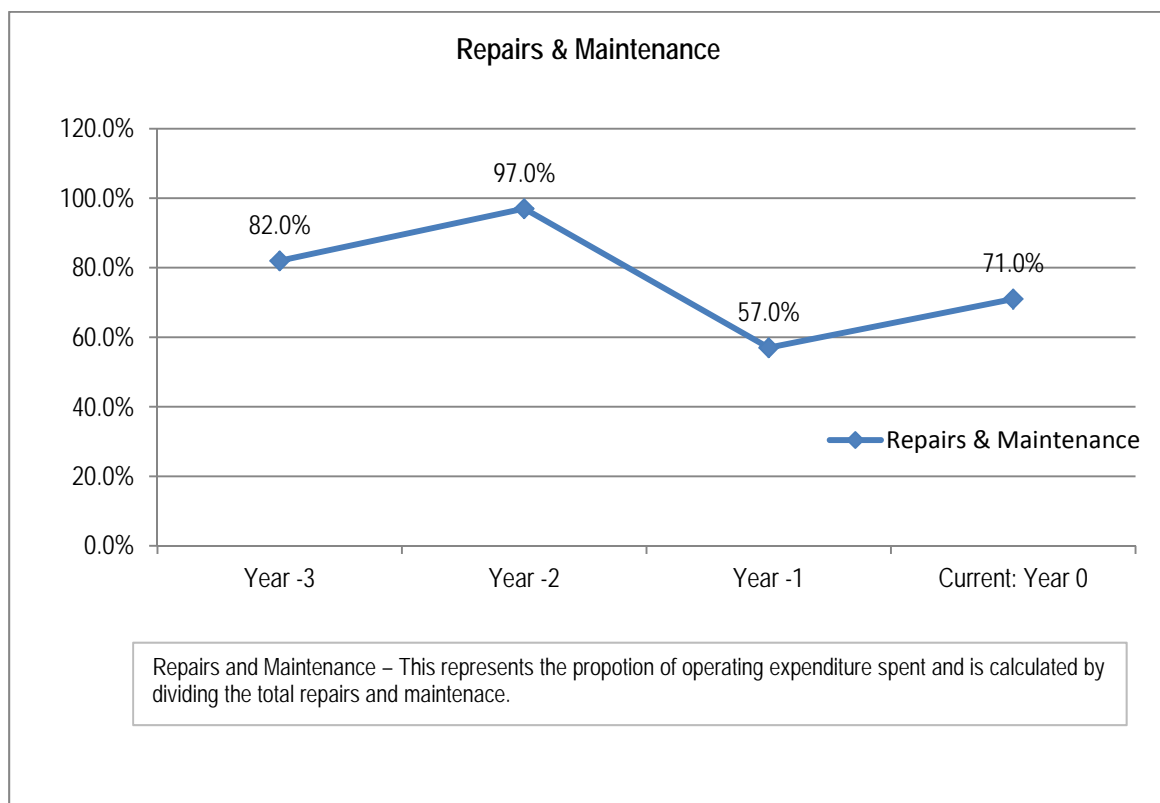


Figure 20: Repairs and Maintenance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

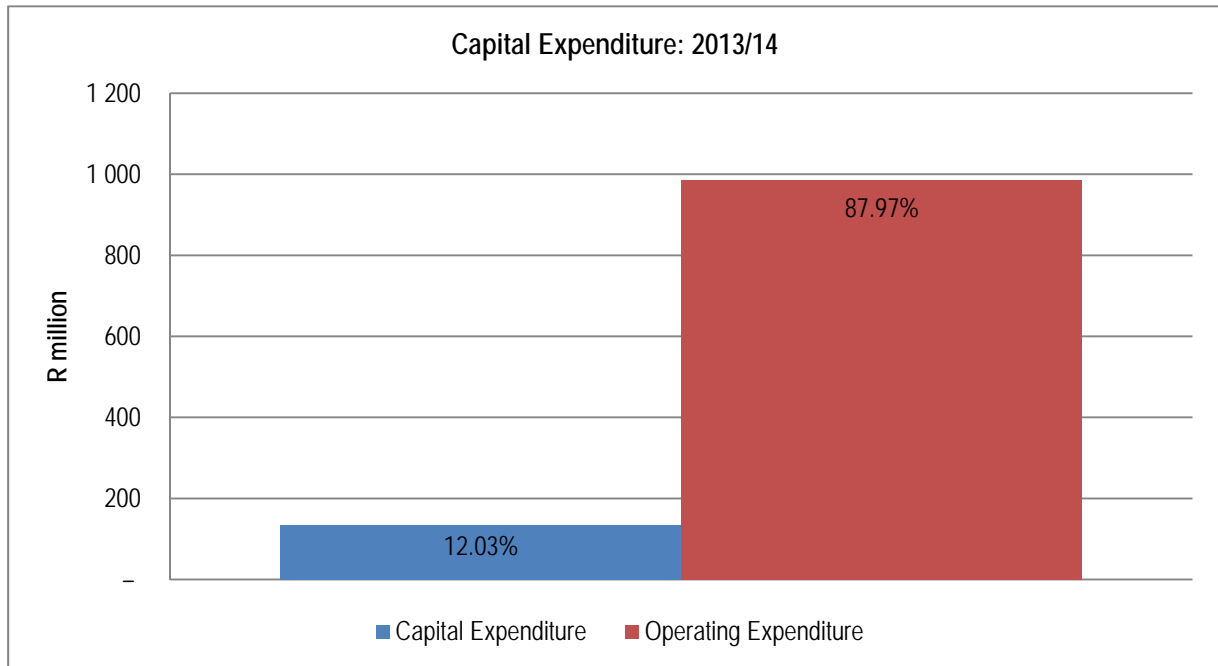


Figure 21: Capital Expenditure 2013/14

5.6 SOURCES OF FINANCE

Table 108: Capital Expenditure-Funding Sources: 2012/13 to 2013/14

Capital Expenditure - Funding Sources: 2012/13 to 2013/14							
R' 000							
Details		2012 /13	2013/14				
		Actual	Original Budget (OB)	Adjust ment Budget	Actual	Adjust ment to OB Varianc e (%)	Actual to OB Varianc e (%)
Source of finance							
	External loans	0	-	-	-	0.00%	0.00%
	Public contributions and donations	0	-	-	-	0.00%	0.00%
	Grants and subsidies	0	43,995,0 00	33,275,0 00	58,290,4 40	-24.37%	32.49%
	Other	0	60,064,9 57	63,089,5 12	10,093,6 58	5.04%	-83.20%
Total		0	104,05 9,957	96,364, 512	68,384, 098	- 19.33%	- 50.70%
Percentage of finance							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	0.0%	42.3%	34.5%	85.2%	126.0%	-64.1%

	Other	0.0%	57.7%	65.5%	14.8%	-26.0%	164.1%
Capital expenditure							
	Water and sanitation	0	2,205,000	2,205,000	-	0.00%	- 100.00%
	Electricity	0	16,100,000	16,331,728	6,112,171	1.44%	-62.04%
	Housing	0	-	-	-	0.00%	0.00%
	Roads and storm water	0	75,122,000	60,250,000	51,401,428	-19.80%	-31.58%
	Other	0	10,632,957	17,577,784	10,870,501	65.31%	2.23%
Total		0	104,059,957	96,364,512	68,384,100	46.96%	- 191.38%
<i>Percentage of expenditure</i>							
	Water and sanitation	0.0%	2.1%	2.3%	0.0%	0.0%	52.3%
	Electricity	0.0%	15.5%	16.9%	8.9%	3.1%	32.4%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	72.2%	62.5%	75.2%	-42.2%	16.5%
	Other	0.0%	10.2%	18.2%	15.9%	139.1%	-1.2%

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 109: Capital Expenditure of 5 Largest Projects

Capital Expenditure of 5 largest projects *
--

R' 000					
Name of Project	2013/14			Variance: 2013/14	
	Original Budget	Adjusted Budget	Actual Expenditure	Original Variance (%)	Adjusted variance (%)
A – Sandvlagte Internal Roads Phase 1	10 000 000	-	5 886 926	41%	0%
B – Reagile Internal Roads	7 000 000	-	6 907 484	1%	0%
C – Swartkopfontein Internal Roads	7 000 000	-	5 073 539	27%	0%
D – Bosugakubo Internal Roads	6 500 000	-	3 664 455	44%	0%
E – Mokgola Internal Roads	6 000 000	-	3 810 239	36%	0%
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project - A	Sandvlagte Internal Roads Phase 1				
Objective of Project	To upgrade 3km internal roads from gravel to bitumen				
Delays	Non				
Future Challenges	Non				
Anticipated citizen benefits	±2000 Households				
Name of Project - B	Reagile Internal Roads				
Objective of Project	To upgrade 2km internal roads from gravel to paving and reconstruct 1.4km gravel road				
Delays	non				
Future Challenges	Non				
Anticipated citizen benefits	±250 Households				
Name of Project - C	Swartkopfontein Internal Roads				

Project - C	
Objective of Project	To upgrade 3km internal roads from gravel to bitumen
Delays	Non
Future Challenges	Non
Anticipated citizen benefits	±300 Households
Name of Project - D	Bosugakubo Internal Roads
Objective of Project	To upgrade 3km internal roads from gravel to bitumen
Delays	Non
Future Challenges	Non
Anticipated citizen benefits	±2000 Households
Name of Project - E	Mokgola Internal Roads
Objective of Project	To upgrade 1.5km internal roads from gravel to paving and construct a bridge
Delays	Non
Future Challenges	Non
Anticipated citizen benefits	±2000 Households

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Table 110: Service Backlogs

Service Backlogs as at 30 June 2014				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				

Table 111: MIG Expenditure on Service Backlogs

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
<i>Roads, Pavements & Bridges</i>	20,803,103		13,069,906	%	%	
<i>Storm water</i>				%	%	
Infrastructure - Electricity				%	%	

<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>	5,247,896		1,008,037	%	%	
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure - Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
PMU	1,350,000		208,935	%	%	
				%	%	
Total	27,401,000		14,286,880	%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

COMMENT ON BACKLOGS

See Appendix P and Q.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

See AFS.

5.9 CASH FLOW

Table 112: Cash Flow Outcomes

Cash Flow Outcomes				
R'000				
Description	2013/14	2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other		122,190	148,834	51,510
Government - operating		93,412	77,270	144,341
Government - capital		67,712	72,860	–
Interest		1,585	85	96
Dividends			–	
Payments				
Suppliers and employees		(252,046)	(201,334)	(156,161)
Finance charges		(3,296)	(1,750)	(1,173)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	–	29,556	95,964	38,614
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors			–	3,411
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets		(104,060)	(96,365)	–

NET CASH FROM/(USED) INVESTING ACTIVITIES	–	(104,060)	(96,365)	3,411
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long				
term/refinancing		6,500		
Increase (decrease) in				
consumer deposits		3,000		
Payments				
Repayment of borrowing		(650)		(10,567)
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	8,850	–	(10,567)
NET INCREASE/ (DECREASE) IN CASH HELD	–	(65,654)	(400)	31,458
Cash/cash equivalents at the year begin:			21,134	21,134
Cash/cash equivalents at the year end:		(65,654)	20,733	52,591

COMMENT ON CASH FLOW OUTCOMES

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Table 113: Actual Borrowings

Actual Borrowings: Year 2011 to Year 2014			
			R' 000
Instrument	2011/12	2012/13	2013/14
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)		214,659.59	107,428.10
Short-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	0	13,081,000
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)			
Short-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			

Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

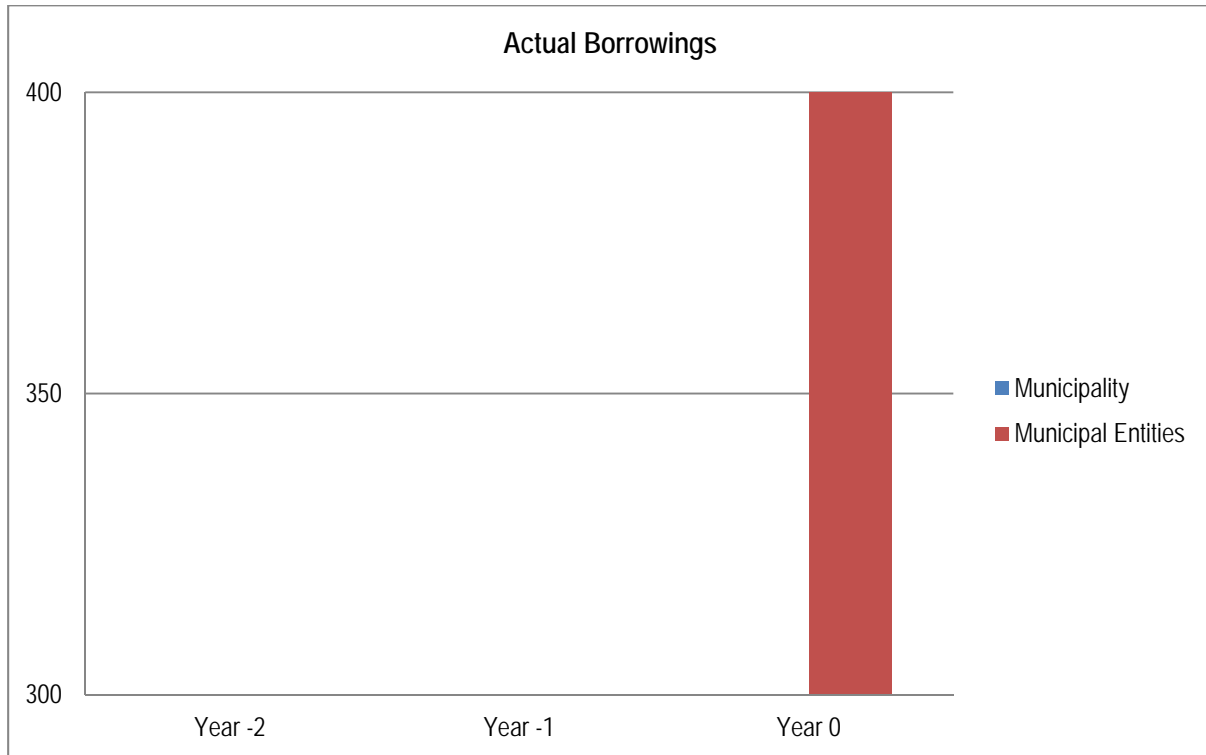


Figure 22: Actual Borrowings

Municipal and Entity Investments			
R' 000			
Investment* type	2011/12	2012/13	2013/14
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			3,876,594
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	0	0	3,876,594
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			

Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	-
Consolidated total:	0	0	3,876,594

COMMENT ON BORROWING AND INVESTMENTS:

See Volume 2 AFS

5.11 PUBLIC PRIVATE PARTNERSHIPS

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

See Chapter 2, under section 2.8.

5.13 GRAP COMPLIANCE

The municipality did not deviate from any applicable GRAP standards. All applicable standards were adhered to and applied where possible. Note 2 to the Annual Financial Statements shows all the new GRAP statements that came into effect and were applied.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2012/13

6.1 AUDITOR GENERAL REPORTS YEAR 2012/13 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
	T 6.1.1

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
	T 6.1.2

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2013/14 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2013/14

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
<i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i>	
	T 6.2.1

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
<i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i>	
<i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i>	
	T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2013/14

To be inserted on receipt of final AG report.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key	After consultation with MECs for local government, the Minister

performance indicators	may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance	The minimum acceptable level of performance or the level of

Standards:	performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
CLLR Thwesha AJ	FT	Council-Speaker	Ward 1-ANC	100%	0%
CLLR Tsile CS	PT	Chaiperson: MPAC	PR-UCDP	100%	0%
CLLR Thale AN	FT	Mayor-Exco	Ward 15-ANC	100%	0%
CLLR Montwedi BE	PT	LED-Chaiperson	Ward 6-ANC		
CLLR Amodis J	PT	LED	PR-DA		
CLLR Phale KR	PT	LED	Ward 4-ANC		
CLLR Senna R	PT	LED	Ward 20-ANC		
CLLR Nyamane	PT	LED	PR -ANC		
CLLR Modibetsane S	PT	LED	Ward 11-ANC		
CLLR Pine B	PT	LED	PR ANC		
CLLR Moroeng N	PT	LED	PR-UCDP		
CLLR Manthoko KI	PT	Community Services: Chaiperson	Ward 03-ANC		
CLLR Lamola GA	PT	Community Services	Ward 8-ANC		
CLLR Moilola OC	PT	Community Services	PR-Working Together		
CLLR Chabane	PT	Community	ward 12-ANC		

NP		Services			
CLLR Gae ME	PT	Community Services	PR-ANC		
CLLR Mosiane MK	PT	Community Services	Ward 16-ANC		
CLL Maleke KJ	PT	Community Services	PR-COPE		
CLLR Moabi MP	PT	Corporate Services: Chaiperson	Ward 5-ANC		
CLLR Mothusi P	PT	Corporate Services	Ward 6-ANC		
CLLR Mokgatlhe JK	PT	Corporate Services	Ward 17-ANC		
CLLR Mogotsi OK	PT	Corporate Services	PR-ANC		
CLLR Mokgothu BS	PT	Corporate Services	PR-UCDP		
CLLR Molefe TD	PT	Corporate Services	Ward 14-ANC		
CLLR Ramaina SC	PT	Technical Services: Chaiperson	Ward 10-ANC		
CLLR Nyanto SH	PT	Technical Services	Ward 18-ANC		
CLLR Pule HK	PT	Technical Services	PR-UCDP		
CLLR Megalane MG	PT	Technical Services	Ward 9-ANC		
CLLR Mokgatlhe RO	PT	Technical Services	Ward 2-ANC		
CLLR Motang PM	PT	Technical Services	Ward 19-ANC		
CLLR Mbangi LT	PT	Finance: Chaiperson	Ward13-ANC		
CLLR Dreyer C	PT	Finance	PR-DA		
CLLR Cassanga	PT	Finance	PR-ANC		

B					
CLLR Pilane MP	PT	Finance	PR-ANC		
CLLR Seswane KQ	PT	Finance	PR-COPE		
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Community Services	Environmental Management and Public Safety
Technical Services	Infrastructural Development and Maintenance
Corporate Services	Human Resource, Management and Council Support
LED	Poverty Alleviation and Job Creation
Finance	Financial Management
MPAC	Oversight Role
Rules Committee	Maintenance of Order and Compliance
Audit and Risk Committee	Oversight and advisory role
ICT Steering Committee & ICT Strategic Committee	Oversight and advisory role

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Community Services	Director- Mr T.M Seleka
Technical Services	Director - Mr IGJ Makaukau
LED	Director - Mrs B. Seabi
Corporate Services	Director - Mr S.M.T Motlhamme
Finance	CFO - Mr G. Moroane
Internal Audit	CAE-Mrs M. Mathye
Office of the Municipal manager	EM- Mr. T.M.T. Tiro
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
T C	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	Yes (Partially)	
Firefighting services	No	
Local tourism	Yes	
Municipal airports	Yes	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	

Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes (Partially)	
Licensing of dogs	Yes	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	No	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on	Number of quarterly public ward meetings held during year

				time	
Ward 1	Cllr.A.Thwasha	Yes	12	12	4
	V.Mbele				
	O.Thambe				
	G.Nikane				
	E.Phadi				
	R.Ramokhua				
	L. Ditshweu				
	S.Sephai				
	J. Letlole				
	N.Kabelo				
	D.Tlhowe				
Ward 2	Cllr. P. Maetla	Yes	12	12	4
	M.Moroeng				
	B.Letsholo				
	K.Motswatswa				
	P. Mosikari				
	E. Maletswa				
	B.Mekgwe				
	M.Kadi				
	D. Menoe				
	G.Magagane				
Ward 3	Cllr.K.I.Manthoko	Yes	12	12	4
	D. Nyamane				
	K.Ledikwa				
	S. Monageng				
	M. Mothibi				
	J. Senna				
	M. SefularoI.				
	I. Mosadi				
	M.Seleka				
	S. Montsho				
	L.Menwe				

Ward 4	Cllr.K.R.Phale	Yes	12	12	4
	T. Kena				
	M. Pebe				
	M. Selaledi				
	N. Nkwe				
	K. Motsote				
	B. Mogotsi				
	K. Mokgofa				
	R. Peba				
	J. Tiro				
Ward 5	Cllr.M.P.Moabi	Yes	12	12	4
	P.Moratakomo				
	S.Makubane				
	K. Seane				
	B. Mokgatlhe				
	P. selemogo				
	L. Molokwane				
	K. Motsisi				
	I. Molokwane				
	M. Baloyi				
	G. Mngquibisa				
Ward 6	Cllr.M.Mothusi	Yes	12	12	4
	G. Moagi				
	D. Pheelwne				
	d. Monei				
	L. Kedijang				
	L. Moleele				
	J. Selau				
	L. Motswasele				
	H. Mafatlheng				
	B. Lekgoe				
	O. Senna				
Ward 7	Cllr,W.Mokotedi	Yes	12	12	4
	J. Letshwenyo				
	E. Sethaiso				
	E. Letshwenyo				

	G. Moremedi				
	M.Sekgabi				
	M. Pule				
	M. Melato				
	M. Zulu				
	M. Moumakwa				
Ward 8	Cllr, G.A.Lamola	Yes	12	12	4
	D. Thale				
	D. Tsibogo				
	G. Phege				
	M. Senosi				
	H. Kgori				
	M. Mokgatle				
	L. Rantao				
	B. Thutlwa				
Ward 9	Cllr.MMegalane	Yes	12	12	4
	P. Nkotoe				
	S. Tsokedi				
	G. Mothoawagae				
	O. Mogwere				
	S. Hutton				
	K. Tsele				
	D. Mothowagae				
	P. Majafi				
	D. Molobela				
	D. Monnaesi				
Ward 10	Cllr. S.C Ramaina	Yes	12	12	4
	M. setlhabe				
	R. Sebogodi				
	J. Moiloanyane				
	B. Rantsimele				
	R. Mogorosi				
	M. Mogale				
	J. Mogale				
	G. Dipale				

	B. Mothudi				
	S. Malope				
Ward 11	Cllr. S.I. Modibetsane	yes	12	12	4
	R Modisane				
	R Molefe				
	I Motsamai				
	G Monnana				
	T Lefutswe				
	T Mokgatlhe				
	E Pulenyane				
	K Morale				
	A Gulum				
	J Modipane				
Ward 12	Cllr. E.T. Matebesi	Yes	12	12	4
	S Molefe				
	P Mochutu				
	O Seleka				
	L Dimpe				
	P Molautsi				
	B Motlhabane				
	I Mokgatlhe				
	A Moholo				
	M Olifant				
	Msebogodi				
Ward 13	Cllr. L.T Mbangi	Yes	12	12	4
	C Lucky				
	K Tsholo				
	M Molokoane				
	D Tanyane				
	S Zungu				
	M Motsosi				
	C Matladi				
	J Motlogelwa				
	S Moapari				

	M Kotsedi				
Ward 14	Cllr. B.M. Sikwa	Yes	12	12	4
	K Molefe				
	P Madisa				
	B Moleleki				
	D Sikwa				
	T Dintwe				
	S Ndlovu				
	J Seemane				
	A Botlholo				
	W Moleofi				
Ward 15	Cllr. A.N Thale	Yes	12	12	4
	D Cordier				
	F Jeena				
	K Matsime				
	P Van Rooyen				
	A lenkopane				
	T Montsho				
	M Motale				
	O Segaila				
Ward 16	Cllr. M.K. Mosiane	Yes	12	12	4
	P Tladinanyane				
	O Mafora				
	T Moarabi				
	A Moreosele				
	A Mokoena				
	M Silokwane				
	G Molale				
	A Moarabi				
Ward 17	Cllr. R.O Mokgatlhe	Yes	12	12	4
	M Montshioa				
	B Matlanye				
	M Motlhabane				
	S Matlape				

	D Maboi				
	M Moatlhodi				
	T Tswagong				
	M Monaisa				
	G Phege				
	L Mogapi				
Ward 18	Cllr. S.H Nyanto	Yes	12	12	4
	E Lesenyego				
	M Lekaba				
	K Moi; loa				
	B Mosweu				
	M Monnamogwe				
	F Merementsi				
	J Molebatsi				
	L Modisane				
	N Modimola				
Ward 19	Cllr. P. Motang	Yes	12	12	4
	B Motang				
	T Sebuenyane				
	B Moloto				
	K Mokgo\fa				
	D Seakentoa				
	A Molatole				
	B Motlhajoe				
	K Mosadi				
	N Mekgwe				
Ward 20	Cllr. R. Senna	Yes	12	12	4
	K sebolao				
	K Mosiane				
	S Tsibogo				
	M phale				
	K Setshogo				
	B Motsosi				
	M Ditibane				
	L Menyatswe				
	P Nziweni				

	B Mogami				
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APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2012/2013(Full List at Appendix O)				
R' 000				
N o.	Project Name and detail	Start Date	End Date	Total Value
1	Eskom (Electricity)			
2	Housing			
3	Sanitation/Sewerage			
4	Mogopa, Rietpan and Mosweu High Masts Lights	Jun-13	Nov-13	405000
5	Sandvlagte Internal Roads	May-13	Feb-13	10000000
6	Reagile/Nyetse Internal roads	Jun-13	Dec-13	7000000
7	Dinokana Internal Roads	Jun-13	Dec-13	5000000

Basic Service Provision						
Detail		Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery		NMMDM	NMMDM	35885	9050	
Households without minimum service delivery		NMMDM	NMMDM	6012	31690	
Total Households*		NMMDM	NMMDM	41897	40740	
Houses completed in year						
Shortfall in Housing units						
<i>*Including informal settlements</i>						
<i>T F.2</i>						

Top Four Service Delivery Priorities for Ward (Highest Priority First)

N o.	Priority Name and Detail	Progress During Year 2012/2013
1	Water	700
2	Electricity	1358
3	Roads	6km
4	Housing	430
		T F.3

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT AND RISK COMMITTEE 2013/14

[illegible]

[illegible]

RAMOTSHERE MOILOA LOCAL MUNICIPALITY

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2014. The Municipality has obtained a qualified audit opinion from the Auditor General (AGSA) for the financial year ended June 2014. The Municipality was qualified on Property Plant and Equipment (PPE) due to infrastructure assets. Another finding was cash and cash equivalents on unreconciled historical items and some findings on legal matters and contingencies.

The AGSA, was unfortunately not available at two of our last meetings i.e. final audit steering committee and Audit Committee meeting where the Audit Opinion was to be presented to the Committee. This put us a disadvantage to how we can possibly resolve some audit queries for the following cycle. Plans were made to report these issues comprehensively but all affected stakeholders i.e. Management; Municipal Manager; National Treasury Advisor and Audit Committee.

As Audit Committee, we continue to value the AGSA as a stakeholder and hope that we can resume the next cycle with high integrity and ethics that are required from all parties involved.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE:

The Audit & Risk Committee consists of the members listed hereunder and should meet monthly as per the calendar until December 2014, as per its approved terms of reference. This is standing due to this structure having been newly established for the first time by the municipality and the status of the audit opinion, for the calendar year 2014, meetings will be held monthly. During the current year three meetings were held and attendance was as tabled.

Member's Names	Number of Meetings Attended	Apologies	Total Meetings

1. Ms S Peters	3	0	3
2. Mr T Mathe	2	1	2
3. Mr V Maboka	3	0	3

AUDIT AND RISK COMMITTEE RESPONSIBILITY

In terms of section 166 of the Municipal Finance Management Act, the Audit Committee shall:

Advise the Municipal Council, the political office bearers, the accounting officer and the management of the municipality, on matters relating to:

- internal financial control and internal audit
- risk management
- accounting policies
- the adequacy, reliability and accuracy of the financial reporting and information
- performance management
- effective governance
- Compliance with the MFMA and any other applicable legislation.
- performance evaluation
- Any other issues referred to it by the municipality or municipal entity.

Review the annual financial statements to provide the municipal council and the management with an authoritative and credible view of the financial position of the municipality, its overall level of compliance with MFMA or any other applicable legislation.

Respond to Council on any issues raised by the Auditor General in the audit report.

Carry out such investigations into the financial affairs of the municipality as requested by the municipal council.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality in its audits. The Internal Audit completed their 2013/14 work plan as approved by the Audit and Risk Committee.

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors of the municipality during the year under review.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control employed by the Municipality to financial and risk management is adequate, efficient and transparent. The Internal Audit will review the effectiveness of the control during the 2014/15 financial year.

In line with the MFMA and the recommendations from King III Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

EVALUATION OF FINANCIAL STATEMENTS

The Committee reviewed the Annual Financial Statements for the year ended 30 June 2014, before they were submitted to the Office of the Auditor General. The Committee appreciates the submission of the financial statements in time for proper review and adequate provision of inputs. The Committee provided management with sound accounting inputs and it is the responsibility of management to implement advice received from the Committee. SALGA also assisted with the high level review of the financial statements.

We have:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General South Africa; internal auditors, MANCO and the Municipal Manager;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto for the prior year;
- Reviewed changes in accounting policies and practices;
- Reviewed the Municipality's compliance with legal and regulatory provisions; and

We concur with and accept the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa for financial year 2013/14.

Adv S Peter

Chairperson of the Audit and Risk Committee

Date: 22nd January 2015

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 2013/14)						
R' 000						
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value	
PASTEL	SERVICE PROVIDER FOR REPLACEMENT OF THE INTERRUPTED FINANCIAL MANAGEMENT SYSTEM	4-Mar-10	4-Mar-11	C.F.O	R2888109.00	
Carbon Core	SUPPLY AND DELIVERY OF ROAD SURFACING PREMIX	1-Oct-13	31-Oct-14	TECHNICAL DEPARTMENT	R276000.00	
Hengen	SUPPLY AND DELIVERY OF PETROL AND DIESEL	1-Jun-13	30-Jun-14	C.F.O	R1707916.87	
DEPARTMENT OF HUMAN SETTLEMENTS, PUBLIC SAFETY AND LIASON	ADMINISTERING THE eNaTIS	20-May-13				
Syntel	Maintanance of the speed law enforcement system	14-Nov-12	14-Nov-13	Community services & legal	R 333 773 .72	
CIVITAS SENTRUM	ADMINISTRATION OF BUSINESS PREMISES	1-Apr-13	ON GOING UNTILL OWNERSHIP CHANGE	COMMUNITY SERVICES	R32280.00	
Moreysintenational procurement pty (ltd)	Rental for chicken abbatoir	1-Mar-11	31-Aug-13	Led & legal	R 2 365 579.00	
MTN	THE ORIGINAL CONTRACT WAS MISPLACED HOW EVER THE REPLACEMNT IS DUE FROM MTN					
Shaikaina Church	HIRING OF THE PREMISES ON THE TERMS OF LEASE	1-Apr-13	30-Apr-14	COMMUNITY SERVICES	R18000.00	
Ortis	SERVICING AND MAINTAINANCE OF THE LIFT	15-Feb-07	15-Feb-12	CORPORATE SERVICES	R25332.24	
Bakwena Systems int (pty)	Rental &maitanance of photocopy machines for a period of 36 months	1-Sep-13	1-Sep-16	Corporate Services	R884571.60 PLUS MONTHLY CONSUMPTION	
Technicom	Telephone system	30-Nov-13	30-Nov-14	Corporate Services	R 35 400.00	
MasengViljoen Consulting	Preparation of AFS and audit turn	11-Feb-	31-Aug-13	C.F.O	R1701108.00	

	around support	13			
Telemaster	Telephone communications	6-Dec-12	5-Dec-14	Corporate Services	R1100561.76
CAB holdings (pty) ltd	Printing of monthly consumer statements	1-Aug-12	31-Jul-15	C.F.O	R 119 438.08 per anum
Hannes du preez	Right of access	1-Apr-13	on going	TECHNICAL DEPARTMENT	R10000.00per month
Konika Minolta	Office automation	9-Nov-01	31/09/2013	Corporate Services	
DSAC	Library Services	1 July 2013	31 June 2014	Comm. Services	R500 000
Synapsis	Cemetry Automation	19-Dec-13	19-Nov-16	COMMUNITY SERVICES	R27408.97
Tshireletso Security	PROVITION OF SECURITY SERVICES TO THE MUNICIPALITY AT LARGE	1-Oct-12	30-Sep-13	MrLetsholonyane	R416130.00 per month

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2013 to 30 June 2014 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	N/A	
Member of Exco	N/A	
	N/A	
	N/A	
	N/A	
Councillor	Julie Amods	NGO-Banabotlhe ELC/Soul Sisters
	A.B Cassanga	Dira OKCWT General Business
	Kenny Mogotsi	O.K. Focus T/S and Larosh Cc
	Michael Megalane	M&F Supermarket, Mike's Tarven, Gaufetsa Construction and Enterprise
	S.N. Nyanto	Putle Construction, Taxi
	KetumileSeswane	Thebenala Construction
Municipal Manager	N/A	
Chief Financial Officer	N/A	

Deputy MM and (Executive) Directors	N/A	
Other S57 Officials	Simalulu Enterprise and Development	General Trading
	N/A	
	N/A	
	N/A	
* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Vote 1 - Executive & Council	23,116,743	25,370,408	22,743,031	14,772,833	58%	
Vote 2 - Finance & Admin	52,031,293	93,027,573	66,092,091	59,628,127	64%	
Vote 3 - Planning & Development	56,407,369	45,214,521	26,320,075	96,959,845	214%	
Vote 4 - Electricity	57,016,768	54,083,900	48,968,227	62,710,744	116%	
Vote 5 - Health	1,964,755	0	0		0%	
Vote 6 - Public Safety	8,226,672	13,716,929	19,978,113	0	0%	
Vote 7 - Community & Social Services	2,751,752	13,109,283	4,585,718	0	0%	
Vote 8 – Water	13,596,109	5,595,259	6,435,104	11,427,095	204%	
Vote 9 - Sport & Recreation	1,337,613	2,800,574	4,164,534	0	0%	
Vote 10 - Refuse Removal	4,456,766	2,424,363	3,596,650	21,230,809	876%	
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	220,906	255,343	202,884	266,729	0	
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	2012/13	2013/14			2013/14 Vari	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjusted Budget
Property rates	18,407	30,000	14,158	23,926	-25%	
Property rates - penalties & collection charges	0	–	–	–	0%	
Service Charges - electricity revenue	36,711	60,541	59,088	61,969	2%	
Service Charges - water revenue	12,387	13,625	13,500	10,685	-28%	
Service Charges - sanitation revenue	1,837	2,563	2,500	2,393	-7%	
Service Charges - refuse revenue	2,383	4,300	3,800	6,458	33%	
Service Charges - other	1,209	–	–	–	0%	
Rentals of facilities and equipment	60	1,179	–	99	-1095%	
Interest earned - external investments	383	85	85	96	12%	
Interest earned - outstanding debtors		1,500	–	–	0%	
Dividends received		–	–	–	0%	
Fines	1,487	–	3,000	2,580	100%	
Licences and permits	2,854	8,010	3,200	1,322	-506%	
Agency services		–	1,650	–	0%	
Transfers recognised -	95,523		75,832		38%	

operational		93,412		150,503		
Other revenue	2,137	40,128	26,071	6,699	-499%	
Gains on disposal of PPE	–	–	–	–	0%	
EnviromentalProtection	–	–	–	–	0%	
Total Revenue (excluding capital transfers and contributions)	175,378	255,343	202,884	266,729	4.27%	2
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R'
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied done (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	13,000,000	13,000,000	10,271,102	2,728,898	2,728,898	
FMG	1,550,000	1,550,000	1,550,662	-662	-662	
MSIG	890,000	890,000	890,005	-5	-5	
EPWP	1,135,000	1,135,000	1,135,000	-	-	
<i>Other Specify:</i>						
Total						

	16,575,000	16,575,000	13,846,769	2,728,231	2,728,231
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* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

The Conditional Grants were spent except for the Neighbourhood Development Partnership Grant because a roll-over of R495 000 was applied for. Reports on the expenditure were sent to National Treasury

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*				
Description	2012/13	2013/14		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<u>Capital expenditure by Asset Class</u>				
<u>Infrastructure - Total</u>	–	104,060		68,384
Infrastructure: Road transport - Total	–	64,712	–	51,401
Roads, Pavements & Bridges		64,711,957		51,401,428
Storm water				
Infrastructure: Electricity - Total	–	16,100		6,112
Generation				
Transmission & Reticulation		16,100,000		6,112,171
Street Lighting				
Infrastructure: Water - Total	–	1,950		–

<i>Dams & Reservoirs</i>				
<i>Water purification</i>				
<i>Reticulation</i>		1,950,000		
Infrastructure: Sanitation -				
Total	–	255		–
<i>Reticulation</i>		255,000		
<i>Sewerage purification</i>				
Infrastructure: Other - Total	–	500		–
<i>Waste Management</i>		500,000		
<i>Transportation</i>				
<i>Gas</i>				
<u>Community - Total</u>	–	20,543		10,871
Parks & gardens				
Sportsfields& stadia		1,548,000		409,299
Swimming pools				
Community halls				
Libraries		30,000		
Recreational facilities				
Fire, safety & emergency				
Security and policing		1,860,000		186,479
Buses				
Clinics				
Museums & Art Galleries				
Cemeteries		40,000		
Social rental housing				
Other		17,065,000		10,274,723

Table continued next page

Capital Expenditure - New Assets Programme*						
Description	2012/2013	2013/2014			Planned Capital ex	
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2014/15	2015/16
<u>Capital expenditure by</u>						

<u>Asset Class</u>					
<u>Heritage assets -</u>					
<u>Total</u>	-	-	-	-	-
Buildings					
Other					
<u>Investment</u>					
<u>properties - Total</u>	-	-	-	-	-
Housing					
development					
Other					
-					
<u>Other assets</u>	-	-	-	-	-
General vehicles					
Specialised vehicles					
Plant & equipment					
Computers -					
hardware/equipment					
Furniture and other					
office equipment					
Abattoirs					
Markets					
Civic Land and					
Buildings					
Other Buildings					
Other Land					
Surplus Assets -					
(Investment or					
Inventory)					
Other					
<u>Agricultural</u>					
<u>assets</u>	-	-	-	-	-
<i>List sub-class</i>					
<u>Biological assets</u>	-	-	-	-	-

<i>List sub-class</i>						
<u>Intangibles</u>	–	–		–	–	–
Computers – software & programming						
Other (list sub-class)						
Total Capital Expenditure on new assets	–	–		–	–	–
<u>Specialised vehicles</u>	–	–		–	–	–
Refuse						
Fire						
Conservancy						
Ambulances						
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)						

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year - 1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	–	–		–	–	–	–
Infrastructure: Road transport -Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water							

<i>purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
<i>Reticulation</i>							
<i>Sewerage</i>							
<i>purification</i>							
Infrastructure: Other - Total	–	–		–	–	–	–
<i>Waste</i>							
<i>Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<u>Community</u>	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art							

Galleries							
Cemeteries							
Social rental housing							
Other							
<u>Heritage assets</u>	–	–		–	–	–	–
Buildings							
Other							
<i>Table continued next page</i>							

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>	–	–		–	–	–	–
Housing development							
Other							
<u>Other assets</u>	–	–		–	–	–	–
General vehicles							
Specialised vehicles							
Plant &							

equipment						
Computers -						
hardware/equipment						
Furniture and						
other office						
equipment						
Abattoirs						
Markets						
Civic Land and						
Buildings						
Other Buildings						
Other Land						
Surplus Assets -						
(Investment or						
Inventory)						
Other						
<u>Agricultural</u>						
<u>assets</u>	–	–		–	–	–
<i>List sub-class</i>						
<u>Biological</u>						
<u>assets</u>	–	–		–	–	–
<i>List sub-class</i>						
<u>Intangibles</u>	–	–		–	–	–
Computers -						
software &						
programming						
Other (<i>list sub-</i>						
<i>class</i>)						

Total Capital Expenditure on renewal of existing assets	–	–		–	–	–	–
<u>Specialised vehicles</u>	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							
<i>* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)</i>							
							<i>T M.2</i>

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2013/14

Capital Programme by Project: 2013/14					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"				0%	0%
"Project B"				0%	0%
Sanitation/Sewerage				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Electricity				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Housing				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Refuse removal				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Stormwater					0%
"Project A"				0%	0%
"Project B"				0%	0%
Economic development				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Sports, Arts & Culture				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%
Safety and Security				0%	0%

"Project A"				0%	0%
"Project B"				0%	0%
ICT and Other				0%	0%
"Project A"				0%	0%
"Project B"				0%	0%

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2013/14

Capital Programme by Project by Ward: 2013/14			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
"Project A"	NMMDM		
"Project B"	NMMDM		
Sanitation/Sewerage			
	NMMDM		
	NMMDM		
Electricity			
	ESKOM (Ward 4, Ward 17 and Ward 2)	YES	
Housing			
	Ward 4 & Ward 17	YES	
Refuse removal			
Stormwater	Welbedacht (1.9km)	YES	
	Dinokana(1.9km)	YES	
	Sunflagte(2.5km)	YES	
	Reagile(2.6km)	YES	
Economic development			
	Brick making Machine	YES	

	(Ward 15)	
Sports, Arts & Culture		
Environment		
Safety and Security		
ICT and Other		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Department of Education				
Clinics (NAMES, LOCATIONS)				
Department of Health				

<i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i>				
				<i>T P</i>

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Health Department	Medium	High Mortality Rate
Housing:		
Department of Human Settlement	High	Mushrooming of Informal Settlements
Licensing and Testing Centre:		
Department of Public Safety	High	Loss of revenue
Reservoirs		
NMMDM	High	Water shortage
Schools (Primary and High):		
Department of Education	High	Migration of learners
Sports Fields:		
Department of Sports Arts and Culture	High	Substance abuse

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2013/14				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2013/14 R' 000	Total Amount committed over previous and future years
N/A				
* Loans/Grants - whether in cash or in kind				T R

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Minimal	20%
Output: Implementation of the Community Work Programme	Functional CWP	100%
Output: Deepen democracy through a refined Ward Committee model	Functional Ward Committees	100%
Output: Administrative and financial capability	Low Revenue Collection	30%
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) for the current financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

SEE ATTACHED ANNUAL FINANCIAL STATEMENTS

VOLUME III: 2013/14 ANNUAL PERFORMANCE REPORT

Provide the Annual Performance Report for the current financial year as submitted to the Auditor-General. The completed APR will be Volume III of the Annual Report.

SEE ATTACHED ANNUAL PERFORMANCE REPORT

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT

2013/2014

Abbreviations

AG	Auditor-General
AFS	Annual Financial Statement
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DTS	Director: Technical Services
DWA	Department of Water Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development
EMP	Environmental Master Plan

EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
HH	Household
HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator

LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy
LLF	Local Labour Forum
MEC	Member of the Provincial Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MS	Municipal Scorecard
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium Term Revenue and Expenditure Framework
NMMDM	Ngaka Modiri Molema District Municipality
NT	National Treasury
PM	Performance Management
PMS	Performance Management System

RDP	Reconstruction and Development Programme
RMLM	Ramotshere Moiloa Local Municipality
SAMWU	South African Municipal Workers' Union
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPF	Sector Policing Forum
VAT	Value Added Tax
WSDP	Water Services Development Plan
WSP	Workplace Skills Plan

Introduction

The Annual Performance Report of the Ramotshere Moiloa Local Municipality (RMLM) for the 2013/14 financial year has been compiled in accordance with the provisions of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and reflects the actual performance of the municipality against its pre-determined objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

The Council approved the RMLM's Framework for Institutional Performance Management (PMS) in December 2013. The salient features of the approved framework are included in this report.

The 2013/14 Annual Performance Report, which will be incorporated into 2013/14 Annual Report in accordance with section 46 of Municipal Systems Amendment Act of 2003, therefore:

- covers the requirements of the legislative provisions in regard to performance management,
- reports on the municipality's actual performance against the service delivery targets contained in the approved 2013/14 SDBIP for each function and directorate per municipal key performance area (KPA) and IDP priority, and
- reflects on measures that were taken or are to be taken to improve performance in cases of non- or under-performance, and

It is expected that this report will assist all stakeholders to objectively assess the overall performance of the RMLM for the year under review and further clearly demonstrate the municipality's unwavering commitment to the principles of improved service delivery, good governance and accountability.

MUNICIPAL MANDATE, POWERS AND FUNCTIONS

Municipal Mandate

The mandate (itemised below) is contained in Section 152 of the Constitution and serves as **focus areas** of the municipality:

- 1.1.1 To provide democratic and accountable government for local communities;
- 1.1.2 To ensure the provision of services to communities in a sustainable manner;
- 1.1.3 To promote social and economic development;
- 1.1.4 To promote a safe and healthy environment;
- 1.1.5 To encourage the involvement of communities and community organisations in the matters of local government

Allocated Powers and Functions

Powers and Functions allocated to the municipality

Child Care Facilities (Childhood care and development that fall outside the National and Provincial competency)

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Control of undertakings that sell liquor to the public

Facilities for the accommodation, care and burial of animals

Fencing and Fences

Licensing and control of undertakings that sell food to the public

Local Amenities

Local Tourism

Local Sports Facilities

Markets

Municipal Abattoirs

Municipal Parks and Recreation

Municipal Planning

Municipal Public Transport

Noise pollution

Refuse Removal, Refuse Dumps and Solid Waste Disposal

Trading Regulations

Traffic and Parking

Powers and Functions that the municipality perform

Billboards and the Display of Advertisements

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Electricity Reticulation

Local Sport Facilities

Licensing and control of undertakings that sell food to the public

Municipal Planning

Municipal Parks and Recreation

Municipal Roads

Public Places

Refuse removal, Refuse dumps, and Solid Waste disposal

Storm Water

Municipal Abattoir

Street Trading

Street Lighting

Traffic and parking

Legislative provisions

The relevant legal provisions regarding the performance management system and annual performance report as contained in the following laws and regulations are outlined below:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- Local Government: Municipal Planning and Performance Regulations, 2001 (Regulation No. R796 of 2001)
- Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Municipal Systems Act, 2000

The following sections from Chapter 6 of the Municipal Systems Act, 2000 relate to the performance management system.

Establishment of performance management system

38. A municipality must—

(a) establish a performance management system that is—

(i) commensurate with its resources;

(ii) best suited to its circumstances; and

(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c) administer its affairs in an economical, effective, efficient and accountable manner.

Development of performance management system

39. *The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must-*

(a) manage the development of the municipality's performance management system:

(b) assign responsibilities in this regard to the municipal manager, and

(c) submit the proposed system to the municipal council for adoption

Monitoring and review of performance management system

40. *A municipality must establish mechanisms to monitor and review its performance management system.*

Core components

41. (1) *A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—*

- (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact. with regard to the municipality's development priorities and objectives set out in its integrated development plan;*
 - (b) set measurable performance targets with regard to each of those development priorities and objectives;*
 - (c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)*
 - (i) monitor performance; and*
 - (ii) measure and review performance at least once per year;*
 - (d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met: and*
 - (e) establish a process of regular reporting to—*
 - (i) the council, other political structures, political office bearers and staff of the municipality; and*
 - (ii) the public and appropriate organs of state.*
- (2)** *The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.*

Notification of key performance indicators and performance targets

44. *A municipality, in a manner determined by its council, must make known both internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system*

Audit of performance measurements

45. *The results of performance measurements in terms of section 41 (1)(c) must be audited-*
- (a) as part of the municipality's internal auditing processes: and*
 - (b) annually by the Auditor General*

Municipal Planning and Performance Regulations, 2001

The paragraphs below from Chapter 3 of the Municipal Planning and Performance Regulations, 2001 stipulate the following in respect of the municipality's performance management system.

Nature of performance management system

7. (1) *A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*
- (2) *In developing its performance management system, a municipality must ensure that the system-*
 - (a) *complies with all the requirements set out in the Act;*
 - (b) *demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;*
 - (c) *clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system;*
 - (d) *clarifies the processes of implementing the system within the framework of the integrated development planning process;*
 - (e) *determines the frequency of reporting and the lines of accountability for performance;*
 - (f) *relates to the municipality's employee performance management processes; and*
 - (g) *provides for the procedure by which the system is linked to the municipality's integrated development planning processes.*

Adoption of performance management system

- 8.** *A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.*

Monitoring, measurement and review of performance

- 13. (1)** *A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.*

- (2)** *The mechanisms, systems and processes for monitoring in terms of subregulation (1) must-*

- (a) provide for reporting to the municipal council at least twice a year;*
- (b) be designed in a manner that enables the municipality to detect early indications of under-performance;*
- and*
- (c) provide for corrective measures where under-performance has been identified.*

- (3)** *Performance measurement in terms of subregulation (1) must include the measurement of –*

- (a) *costs, resources and time used to produce outputs in accordance with the input indicators referred to in regulation 9;*
 - (b) *the extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and*
 - (c) *the total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9.*

- (4) *The mechanisms, systems and processes for review in terms of subregulation (1) must at least —*
 - (a) *identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10;*
 - (b) *review the key performance indicators set by the municipality in terms of regulation 9; and*
 - (c) *allow the local community to participate in the review process.*



Municipal Systems Amendment Act, 2003

Section 46 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003), provides for the following in relation to the annual performance report of a municipality.

(1) A municipality must prepare for each financial year a performance report reflecting—

- (a) the performance of the municipality and each external service provider during that financial year;*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) measures taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

Municipal Finance Management Act, 2003



Section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states, *inter alia*, the following in regard to the preparation and tabling of annual reports:

Section 121(2): The purpose of the annual report is –

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
- (b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and*
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Section 121(3)(c) further states that *the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.*

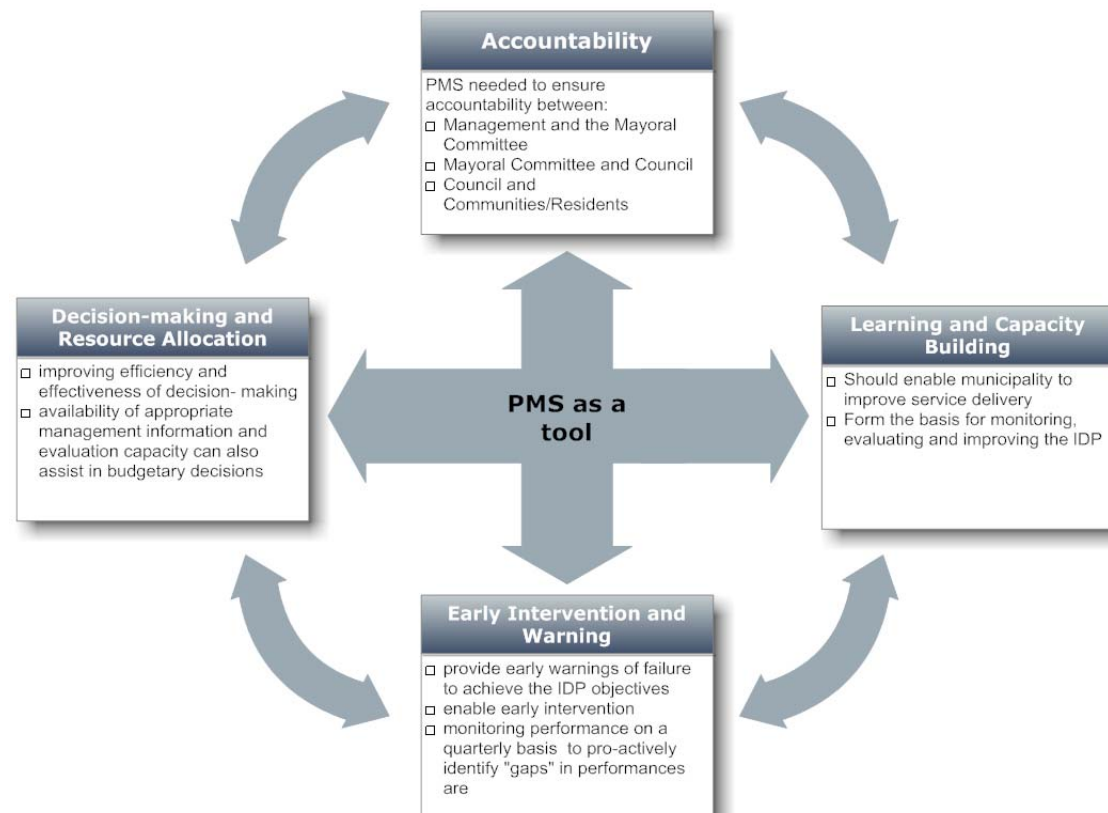


MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM (PMS)

The RMLM's Approved Performance Management Framework regulates the performance management system in the municipality and provides guidelines on the development and implementation of the organisational and employee performance management system.

The objectives of institutionalising a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfill the following functions:

- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes

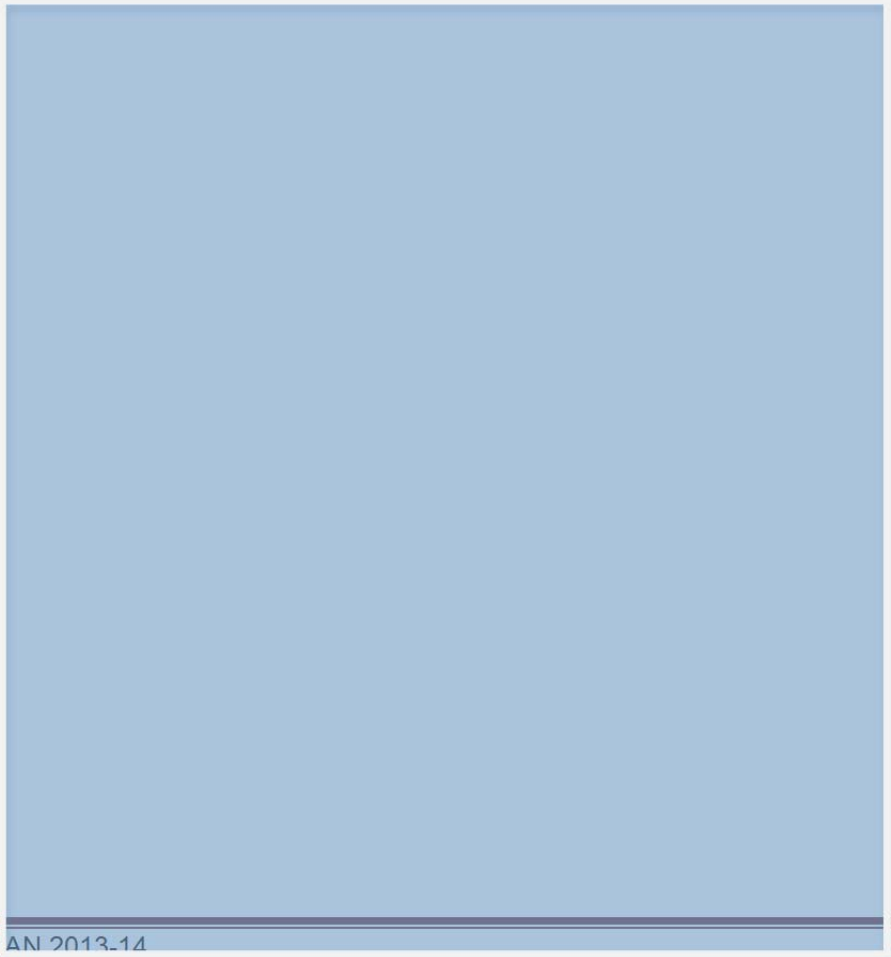
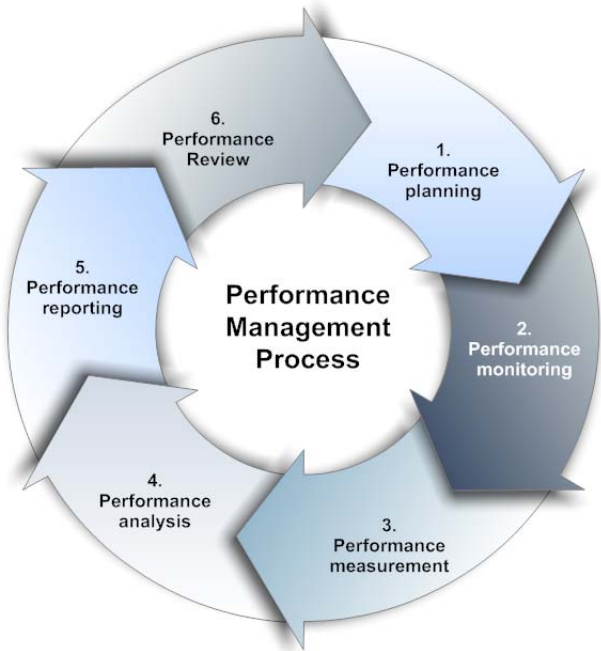




- Creating a culture for best practice, shared-learning within the municipality
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of the Local Government System

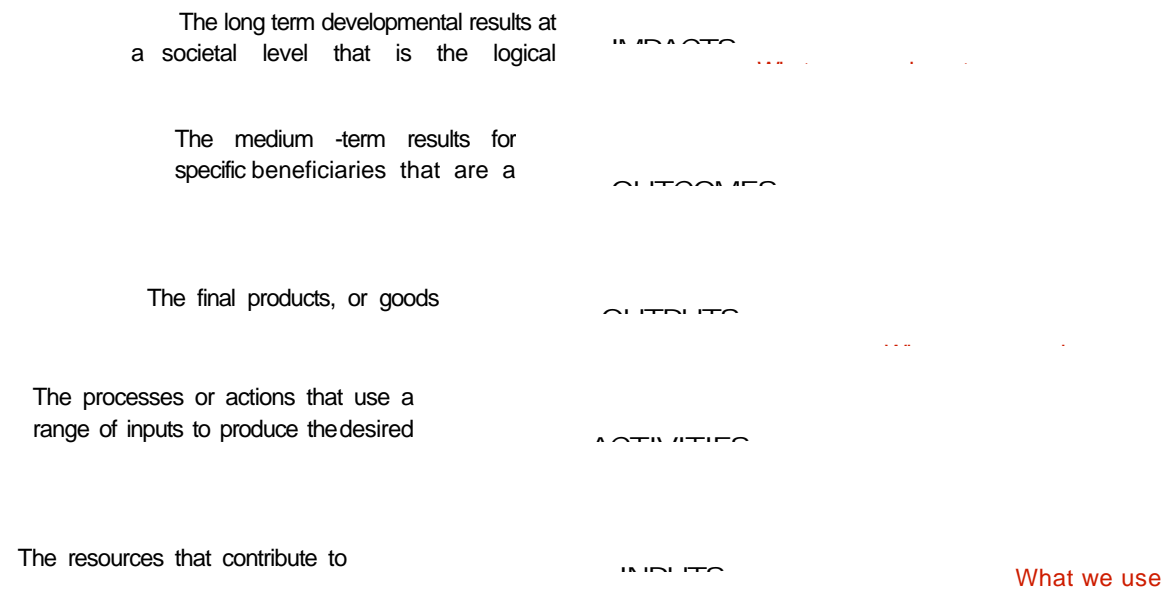


The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.





The approved PMS is also aligned to the new **outcomes approach to performance management in government** which is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. It will help spheres of government to ensure that results improve the lives of citizens rather than just carrying out our functions. This approach involves management using a logic model which links inputs, activities, outputs, outcomes and impacts. The diagram below demonstrates these links more clearly.

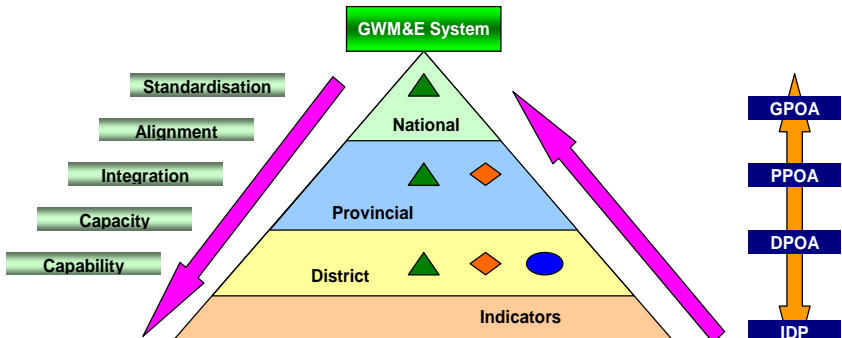




According to the *Monitoring and Evaluation Framework in support of Cooperative Governance*¹, a new set of national Key Performance Indicators (KPIs) have been developed and all provinces and key sector departments were consulted during this process. Although there is a need to have indicators for the different levels of the results chain, that is, inputs, activities, outputs, outcomes and impacts. There is however a need to have a set of national KPIs that address the reporting requirements for the local government sector at national level. The national KPIs will enable the reporting of local government performance at a strategic level. Line function departments will still need to continue to monitor their programmes as required by their mandate. Similarly, provinces and municipalities may still develop their own set of indicators which help measure the projects or programmes which are unique to their situation.

The diagram below illustrates this process, with the green triangles representing the national KPIs, the orange diamonds representing provincial KPIs, the blue circles representing district and circle with a smile representing local municipality KPIs.

¹ Draft Monitoring and Evaluation Framework
RAMOTSHERE MOILOA LOCAL MUNIC





The draft national set of KPIs addresses both the reporting requirements in terms of existing legislation, the various programmes within the department including the LGTAS, the Ten Point Plan and the Minister's Performance Agreement. Once approval is granted by the Minister, this set of national KPIs will be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

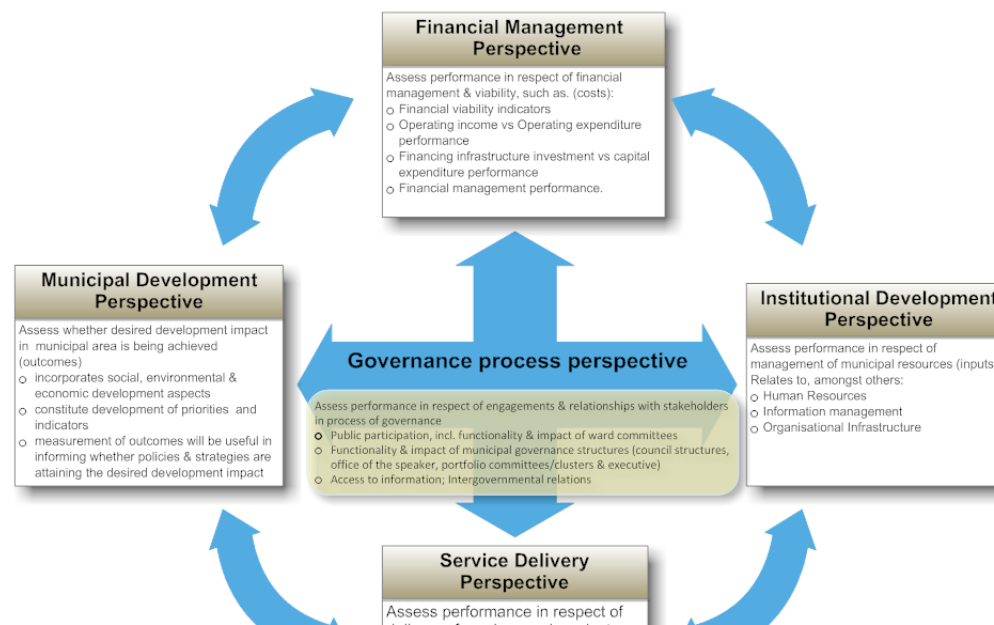


Municipal Scorecard

The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five perspectives as depicted in the figure below e.g. inputs, process, outputs and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

- I. The Municipal Development Perspective
- II. The Service Delivery Perspective
- III. The Institutional Development Perspective
- IV. The Financial Management Perspective
- V. Governance Process Perspective







2012/13 Report of the Auditor-General

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2012/13 financial year on predetermined objectives and the management actions taken during 2013/14 to address the findings.

Clarification on FMPPI applicability:

The Framework for Managing Programme and Performance Information (FMPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Programme and Performance Information which are applicable to National and Provincial Department, Public Entities and Constitutional Institutional Institutions. The FMPPI is therefore not applicable to the performance management of municipalities, which are governed by the provisions of the MSA and MFMA.

The performance management processes of municipalities are regulated by Chapter 6 of the Municipal Systems Act (2000), the Municipal Planning and Performance Regulations (2001), section 46 of the Municipal Systems Amendment Act (2003) and section 121 of the Municipal Finance Management Act (2003). Further, in terms of the section 7 of the Municipal Planning and Performance Regulations (2001), the RMLM developed a Performance Management Framework, *that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*

Category	Audit opinion	Management actions taken to
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		resolve findings
Usefulness of information	<p><u>Presentation</u></p> <p><i>Measures taken to improve performance not supported by sufficient appropriate evidence</i></p> <p>Improvement measures in the annual performance report for a total of 100% of the targets relevant service delivery and infrastructure investment of the planned targets not achieved were not disclosed as required by section 46 of the MSA. This was due to the fact that management was aware of the requirements of the National Treasury <i>FMPPi</i> but did not receive the necessary training to enable application of the principles.</p> <p>Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the measures taken to improve performance.</p>	<p>This finding has been resolved in that the column “corrective measure” of the report refers explicitly to measures which will be undertaken to improve performance where the target was not achieved.</p>
	<p><u>Consistency</u></p> <p><i>Reported objectives, indicators and targets not consistent with planned</i></p>	<p>A considerable amount of time was taken to ensure that there’s consistency between the IDP as well as</p>



Category	Audit opinion	Management actions taken to resolve findings
	<p><i>objectives, indicators and targets</i></p> <p>The MSA, section 41(c) requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 40% of the reported objectives, a total of 59% of the indicators and a total of 71% of the targets are not consistent with the objectives, indicators, and targets, respectively, as per the approved integrated development plan. This is due to the lack limited review and monitoring of the completeness of reporting documents by management and internal audit.</p>	<p>the SDBIP of the 2014/15 going forward.</p> <p>An alignment checklist was also completed in that regard.</p> <p>With the 2013/14 SDBIP, an amendment was made to ensure that there is alignment as far as possible with the IDP.</p>
	<p><u>Measurability</u></p> <p><u>Performance targets not measurable</u></p> <p>The National Treasury <i>FMPPi</i> requires that performance targets be measurable. The required performance could not be measured for a total of 92% of the relevant Infrastructure development, 75 % of the targets relevant to financial services and 100% relevant to Community</p>	<p>Considerable effort was taken to ensure that SMART criteria be considered during the compilation of the SDBIP.</p> <p>The department of Local Government and Traditional Affairs was also involved during the process to ensure</p>



Category	Audit opinion	Management actions taken to resolve findings
	Social services. This was due to the fact that management was aware of the requirements of the National Treasury <i>FMPPI</i> but did not receive the necessary training to enable application of the principles.	that the SMART Criteria are adhered to.
	<p><u>Performance indicators not well defined</u></p> <p>The National Treasury FMPPI requires that performance indicators be well defined and verifiable and targets be specific, measurable and time bound. A total 28% of the targets were not time bound in specifying a time period or deadline for delivery, 26% of indicators not well defined and verifiable. This was due to the lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information as well as the fact that management was not aware of the requirements of the <i>FMPPI</i> and did not receive the necessary training to enable application of the principles.</p>	<p>Considerable effort was taken to ensure that SMART criteria be considered during the compilation of the SDBIP.</p> <p>The department of Local Government and Traditional Affairs was also involved during the process to ensure that the SMART Criteria are adhered to.</p>
Predetermined	The integrated development plan of Ramotshere Moiloa Local Municipality (2011 to 2016) does not include an integrated	This finding can only be corrected during the development of the 5 year IDP as the 5 year plan cannot be



Category	Audit opinion	Management actions taken to resolve findings
objectives: Integrated Development Plan	development plan which includes the budget projection for the next three years, and a financial strategy that defines sound financial management and expenditure control and means of increasing revenues.	revised at this stage other than the annual review which only covers activity for the next 12 months.
Predetermined objectives: Performance Management System not established	The municipality did not establish a performance management system, as required by section 38(a) of the Municipal Systems Act and Municipal Planning and Performance Management Regulation 7(2). The municipality does not have an established Performance Management System and does not have policies and procedures to improve performance with regard to development priorities and objectives where performance targets are not met.	Adoption of the PMS Policy Framework was done on December 2013. A PMS workshop was conducted for councillors as well as for managers. Assistance was solicited from SALGA in order to introduce management to PMS. Performance Assessments of senior managers was also performed at the end of the year.
Predetermined objectives:	Non-compliance with Municipal Planning and Performance Management Regulations (GNR. 796 of 24 August 2011); Regulation 12(2) (c-d)	The 2013/14 SDBIP contains only targets which have been budgeted for and that the municipality has capacity



Category	Audit opinion	Management actions taken to resolve findings
Target set do not correspond with available resource and capacity of the municipality	Refer pg: 188	to achieve. A compliance checklist was completed to ensure that there's alignment between the budget and SDBIP as well as the IDP in this regard.
Predetermined objectives: Approval of the Service	<p>1. The municipality did not take all reasonable steps to ensure that the municipality's Service Delivery Budget Implementation Plan (SDBIP) was approved by the mayor within 28 days after the approval of the budget as required by the MFMA section 1 – definitions (MFMA section 53(1)(c))</p> <p>2. It was also established that the draft Service Delivery Budget</p>	<p>1 & 2. The draft as well as Final SDBIP of 2014/15 have been submitted and approved by the mayor as required.</p> <p>3. The monthly budget statements as well as the mid-year budget and performance report have during the</p>



Category	Audit opinion	Management actions taken to resolve findings
Delivery and Budget Implementation Plan (SDBIP)	Implementation Plan (SDBIP) was not submitted to the mayor as required by section 68 and 16(2); of the MFMA 3. Proof not submitted to ensure that the mayor received the monthly budget statements (MFMA section 71) and mid-year budget and performance assessments (MFMA section 72)	year 2013/14 been submitted to the mayor and proof thereof can be obtained when required.



2013/14 Performance Information

KPA 1: Institutional Transformation and Organisational Development									
THEMATIC AREAS	Labour matters , financial and administrative capacity								
KPA	Municipal Transformations and Institutional Development								
STRATEGIC OBJECTIVES	Improve organisational cohesion and effectiveness								
INTENDED OUTCOME	Improved organisational stability and sustainability								
OUTCOME 9	OUTPUT 1	Implement a differentiated approach to municipal financing, planning and support							
	OUTPUT 6	Administrative and financial capability							
COPORATE SERVICES									
Corporate	Key	Baseline	Annual Target	Budget	Outcome	Actual	Reason for	Corrective	POE



Objective	Performance Indicator	(2012/13)			Indicator	Performance	deviation (if any)	measure	
Promotion of Labour Peace within the workplace	Number of Local Labour Forum meetings held	4 local labour forum meeting held during 2012/2013	4 meetings by June 2014	Operational	Sound labour climate	Not Achieved, only 2 meetings held	No responses received from Union invitees	Scheduled LLF meetings to be adhered to	Minutes of meeting and attendance register and Council Resolution
	Turnaround time in handling Grievances	30 days	30 days	Operational		No grievances reported during the year	-	-	Grievance forms and Copy of Report. Council Resolution
Corporate Objective	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reason for deviation (if any)	Corrective measure	POE
To build and enhance the human resource capacity of the municipality	Human Resource Strategy Adopted	None	March 2014	Operational	Capacitate and motivate employees	Achieved, Human Resource Strategy adopted	-	-	Copy of HR strategy and Council Resolution
To provide human resource management	Number of Policies reviewed and adopted.	3 HR Policies reviewed	10 policies	Operational		Achieved, 10 policies have been adopted	-	-	Approved HR Policies and council resolution



	Time taken to complete selection process	8 weeks	8 weeks from the closing date of the advertised position	Operational		Not Achieved, Out of 30 positions advertised, only 14 were completed within 8 weeks of the closing date	Postponement of shortlisting of interviews due to unavailability of panel members	Selection panel to be established as soon as advert is placed in order to ensure speedy completion of appointment process	Report of selection process
	Number of reports on recruitment and selection processes	4 reports submitted during 2012/13	4 quarterly reports	Operational		Achieved, 4 reports on the recruitment and selection process were submitted to council	-	-	Copies of selection reports
	Revised Organizational Structure adopted	Organizational Structure reviewed 2012/2013	January 2014	Operational	Motivated and capacitated employees	Achieved, the Organizational Structure reviewed at 30 January 2014	-	-	Reviewed organogram and Council Resolution
Achieve employment equity	2010/2015 Employment Equity Plan submitted to	Employment Equity Plan in place	September 2013			Achieved, 2010/2015 Employment Equity Plan	-	-	Copy of EE Plan 2010/2015



	department of labour					submitted to department of labour in September 2013			
Corporate Objective	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reason for deviation (if any)	Corrective measure	POE
Ensure skills enhancement through the workplace skills development plan.	2014/2015 Workplace Skills Plan adopted	2013/2014 Workplace Skills Plan submitted in June 2013	April 2014	Operational		Achieved, 2014/2015 Workplace Skills Plan adopted in April 2014	-		Copy of the acknowledgement letter from LGSETA
	Number of reports in the implementation of the Work Place Skills Plan	1 report during 2012/2013	4 reports by June 2014	Operational		Not Achieved, only 1 report submitted	Oversight by the department	A reports to be submitted to council on the 30 th July	Report on work place skills plan
	% of municipal budget actually spent on implementin	New KPI	1% of the payroll budget split by 4 for each quarter	Operational		Not Achieved, no budget spent on implementation of Skills plan as targeted	LGSETA released funding late towards the end of the financial year	Training to be effected in the new financial year	Expenditure Reports and Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	g the Work place Skills Plan.								
Occupational Health & Safety	Number of reports on the compliance with occupational health and safety act	No report during 2012/2013	4 quarterly reports by June 2014	Operational	Safe working environment	Not Achieved, only 2 reports were submitted	Oversight by Department	To be tabled on the 30 th July 2014	Copy of Report and Council Resolution
Provide Records Management Services	Reviewed file plan	File plan Exists	March 2014	Operational	Compliant filing system	Achieved, the file plan was reviewed in March 2014	-	-	Copy of the implementation plan
	Fully Functional Registry -	Registry not fully functional	June 2014	Operational		Not Achieved, registry still not functional	Delays in procurement processes for the registry office	Registry Office to be fully functional by the 1 st quarter of 2014/15	Incoming and outgoing registers as well as File Plan. Council Resolution
Provide ICT services	Number of reports on the updating of the website	Website updated daily	4 reports submitted to council	Operational		Not Achieved, no reports submitted	Oversight by Department	To be tabled on the 30 th July 2014	Copies of reports and Council Resolution Council Resolution



	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reason for deviation (if any)	Corrective measure	POE
	Number of reports presented to council on the implementation of council resolutions	2 reports 2012/13	4 Quarterly reports by June 2014	Operational		Not Achieved, only 1 report submitted	Oversight by Departments	To be tabled on the 30 th July 2014	Register of Council Resolutions, Copy of Report and Council Resolution
To Maintain municipal buildings	Number of municipal buildings maintained in the 2013/14 F/Y	2 municipal buildings maintained in the 2012/13 F/Y	2 Municipal buildings maintained by June 2014	650, 000		Not achieved, maintenance of municipal buildings was not done	Cash Flow challenges	Improve revenue collection	Copy of maintenance Report and Council Resolution
	Number of municipal halls maintained by in the 2013/14 F/Y	No municipal buildings maintained in the 2012/13 F/Y	2 Municipal halls maintained by June 2014			Not achieved maintenance of municipal halls was not done	Cash Flow challenges	Improve revenue collection	Copy of maintenance Report and Council Resolution



OFFICE OF THE MUNICIPAL MANAGER

Measurable Objective	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reason for Deviation	Corrective Measure	POE
To promote accountability and transparency	2012/2013 AFS to Auditor General Submitted	Submitted 2011/12 AFS to the AG	August 2013	Operational	Accountable and transparent municipality	Achieved, 2012/2013 AFS to Auditor General Submitted in August 2013	-	-	Acknowledgement letter from AG. Signed AFS
	Submit performance Report to the Auditor General	Submitted 2011/12 Performance Report to the Auditor General	August 2013	Operational		Achieved, Submitted performance Report to the Auditor General in August 2013	-	-	Acknowledgement letter from AG.
To Provide Municipal Strategic Planning	2013/14 Process Plan IDP adopted	2012/13 IDP Process Plan in place	August 2013	Operational	A strategic focused municipality	Achieved, 2013/14 Process Plan IDP adopted in August 2013	-	-	Council Resolution
	Number of IDP Representative meetings held annually	4 meetings during 2012/13	4 meeting by June 2014	R 455 000		Not Achieved, only 2 meetings held	Poor Scheduling of meetings	Meetings to be scheduled better in future	Minutes & Attendance Registers



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	Number of community ward consultative meetings	8 Meetings were held during 2012/13	20 meetings to be held by June 2014	Operational		Achieved, 20 meetings held during the 2013/14 F/Y	-	-	Minutes of the meetings
	Reviewed 2014/15 IDP adopted	Adopted 20 11 – 2016 IDP in place	May 2014	Operational		Achieved, Reviewed 2014/15 IDP adopted in May 2014	-	-	Council Resolution
To Provide Institutional/ Municipal Performance Management Services	2014/2015 Performance agreements signed	4 Signed PA's in place	June 2014	Operational	Improved performance	Achieved, 2014/2015 Performance agreements signed	-	-	Copies of signed PAs
	Reviewed PMS Policy framework	PMS Policy not in place	December 2013	Operational		Achieved, PMS Policy framework reviewed in December 2013	-	-	Copy of policy and council resolution
	2014/2015 SDBIPs approved	2013/2014 SDBIP in place	June 2014	Operational		Achieved, 2014/2015 SDBIPs approved in June 2014	-	-	Copy of signed SDBIP
	Number of performance assessments	none	4 Assessments to be performed by	Operational		Not Achieved, no assessments done	4th quarter Assessments will be	4th quarter Assessments will be	Copy of the report



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	held with senior managers		June 2014				performed during the 1st quarter of 2014/15	performed during the 1st quarter of 2014/15	
Improve Communication	Reviewed Communication Strategy adopted	Strategy in place	September 2013	Operational	An informed community	Achieved, Reviewed Communication Strategy adopted in September 2013	-	-	Copy of strategy
	Reviewed Community Participation Policy	Policy in place	December 2013	Operational		Achieved, Reviewed Community Participation Policy in December 2013	-	-	Copy of policy
	Number of municipal Newsletter publications	4 publications	4 Publications by June 2014	R 165 000		Not Achieved, only 2 municipal newsletters were publicised	Absence of Communication Manager	Communications Manager to be appointed by August 2014	Copy of Newsletter
To provide Risk Management	Risk management Policy Framework Developed	Risk Management Policy not in place	December 2013	Operational	Effective Risk Management	Achieved, Risk management Policy Framework Developed	-	-	Copy of Policy Framework and council resolution
Provide legal services	Number of by-laws	15 By-laws gazetted.	10 by end June 2014	R50,000.00	Sound legal environment	Achieved, 10 by-laws gazetted	-	-	Published gazette



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	gazetted								
	Number of reports on litigations against municipality attended to	100%	4 reports by June 2014	R1.1m		Achieved, 4 reports were submitted to council	-	-	Copies of Reports and council resolution
Provide Internal Audit Service	Number of internal audit reports submitted to council	2 internal audit reports submitted	1 report to be submitted in the 2013/14 F/Y	Operational	Transparent and Accountable Administration	Achieved, 1 internal audit report was submitted to council	-	-	Copies of Reports and council resolution
	Developed Internal Audit Methodology	No Internal Audit Methodology in place	31 st May 2014	Operational		Achieved, Developed Internal Audit Methodology in May 2014	-	-	Copy of Methodology
	Developed 3 year rolling strategic and annual plan Risk-based Audit Plans & I/A Charter	New	31 st May 2014	Operational		Achieved, Developed 3 year rolling strategic and annual plan Risk-based Audit Plans & I/A Charter in May 2014	-	-	Copy of Plan and Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	Developed & Approved Audit Committee Charter	Draft Charter in place	30-Jun-14	Operational		Achieved, Developed & Approved Audit Committee Charter during June 2014	-	-	Copy of Charter and Council Resolution
To Provide Institutional/Municipal Performance Management Services	2013/14 Mid Term performance report adopted	Mid Term for 2012/13 Submitted in January 2013	Mid Term Performance Report to be submitted by January 2014	Operational	Improved performance	Achieved, 2013/14 Mid Term performance report adopted in January 2014	-	-	Copy of Mid -term Report and Council Resolution
	Number of Performance Reports Submitted to Council	4 Reports Submitted in the 2012/13 F/Y	4 Reports to be submitted. 1 report every quarter	Operational		Achieved, 4 performance reports were submitted to council	-	-	Copy of Assessment Reports and Council Resolution

KPA 2: FINANCIAL VIABILITY

THEMATIC AREAS

FINANCIAL AND ADMINISTRATIVE CAPACITY

KPA

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT



STRATEGIC OBJECTIVES	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems								
INTENDED OUTCOME	Improved financial management and accountability								
OUTCOME 9	OUTPUT 1	Implement a differentiated approach to municipal financing, planning and support							
	OUTPUT 6	Administrative and financial capability							
BUDGET AND TREASURY OFFICE									
Measurable Objective	Key Performance Indication	Baseline (2012/13)	Annual Target	Budget	Outcome indicator	Actual Performance	Reasons for Deviation	Corrective Measure	Evidence
To promote accountability and transparency	2014/15 Draft Budget tabled	2013/14 Draft Budget tabled during March 2013	2014/15 Draft Budget tabled by 31 March 2014	Operational	Accountable and transparent municipality	Achieved, 2014/15 Draft Budget tabled	-	-	Copy of budget and council resolution
	2014/15 Final Budget approved	2013/14 Final Budget approved by May 2013	2014/15 Final Budget approved by May 2014	Operational		Achieved, 2014/15 Final Budget approved	-	-	Copy of budget and council resolution



	Adjustment Budget of 2013/2014 Approved by Council	No Adjustment Budget during 2012/13	2013/14 Adjustment Budget approved by January 2014	Operational		Achieved, Adjustment Budget of 2013/2014 Approved by Council	-	-	Copy of the adjustment budget and council resolution
	Key Performance Indication	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reasons for Deviation	Corrective Measure	Evidence
	Number of Section 71 (MBS) Reports submitted to Mayor	12 Sec. 71 reports submitted during 2012/13	12 Sec. 71 Rep. submitted by June 2014	Operational		Achieved, 12 sec 71 Reports were submitted to the mayor	-	-	Copies of reports and Quarterly Reports
	Number of reports on conditional grants submitted to Treasury	12 reports submitted during 2012/13	12 reports submitted by June 2014	Operational		Achieved, 12 reports on conditional grants were submitted to Treasury	-	-	Copies of reports and proof of submission
Enhance Revenue	Financial turnaround	New	Plan to be adopted by Dec	Operational	Financial sound municipality	Not Achieved, plan still in draft	Draft plan in place but not	Finalize the plan and submit to	Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	Plan adopted		2013			stages	yet submitted to Council	Council by August 2014	
	Revenue Growth (%)	Revenue declined by 18% between 2011/12 and 2012/13	Revenue to be increased by at least 8% in 2013/14	Operational		Achieved – 22%	-	-	Copy of strategy and council resolution
	% reduction in billing errors	Billing Errors high during 2012/13	100% error free billing by June 2014	Operational		Not Achieved, billing errors not reduced to a 100%	System Configuration	Reconfigure the system by 31 st July 2014	Billing Report & Revenue GL
	% Recovery of outstanding recoverable debt	25% was collected during June 2013	60% collection rate by June 2014	Operational		Not Achieved	Disputes with consumers on valuation roll	Disputes to be settled with consumers	Age analysis
	Quarterly reports on updating valuation roll	Reports were submitted on an Adhoc basis in 2012/13	4 Quarterly Reports by June 2014.	Operational		Not achieved	Incomplete Supplementary Valuation Roll submitted by the Valuer rejected	Complete Supplementary Roll submitted by 31 st July 2014	Register of updates on the valuation roll
	% Improvement	34% was collected	Revenue collection to be	Operational		Not achieved	Unresolved disputes on	Resolve long outstanding	Income Statement & Cash



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	t on revenue collection	during the 2012/13 F/Y.	increased to 70%				municipal accounts	disputes	Book
	Key Performance Indication	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reasons for Deviation	Corrective Measure	Evidence
	% of Bad Debt written off as % of provision for Bad Debt	New KPI	To write off 100% of the provision for bad debts.	Operational		Not Achieved. Only property rates provision has been written off.	Council did not give approval for the write off	Provide more information for council to take a favourable decision on bad debt write offs	Bad Debt Write-off Report & Council Resolution
	Number Indigents households receiving FBW	834 received FBW during the 2012/13 F/Y.	1200 to be provided with FBW by June 2014.	Operational	Poverty alleviation and access to basic services	Achieved, 834 HH provided with FBW	-	-	Reports on FBS provided
	Number of reports the updating of the indigent register	One report submitted during 2012/2013	8 reports submitted to IC by June 2014	Operational		Not Achieved, only 3 reports submitted	Oversight by management	All reports to be tabled at council as planned in the 2014/15 F/Y	Council Resolution
Improved Revenue Collection	Increased % of revenue collection on rates by June	17 % of revenue collected on rates during	60% of revenue collected on rates by June 2014	Operational	Positive Cash Flow Outlook	Not achieved - 12%	Delay in finalization of supplementary valuation roll	Complete Supplementary Roll submitted by 31st July	Age Analysis and Cash Book/Cash Flow Statement



	2014	2012/13						2014	
	% Grants as a % of revenue received	46% of own revenue received during 2012/13	50% own revenue billed by June 2014	operational		Not Achieved	-	-	Unaudited AFS for 2013/14
	% reduction of debtors as a % of total collectable debtors (% collection rate)	26% of debtors collection rate during 2012/2013	60% of debtors collection rate by June 2014	operational		Not Achieved – 19%	Unresolved disputes on municipal accounts	Resolve long outstanding disputes	Debtors Age Analysis
	% Monthly operational expenditure as a percentage of planned expenditure	56% of monthly operational expenditure during 2012/13	100% of operational exp. by June 2014	Operational		Not Achieved	Cash flow constraints	Improve debt collection and Cash flow management systems	Section 71 Reports
	Key Performanc	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reasons for Deviation	Corrective Measure	Evidence



	e Indication								
	Number of reports submitted to council on % of operational budget spent on repairs and maintenance	4 quarterly reports submitted during 2012/13	4 (quarterly)	Operational		Achieved, 4 reports on repairs and maintenance budget spending were submitted to council	-	-	Council Resolution
Ensure Compliance with conditional grant funding	Number of reports submitted to council on % expenditure on MIG grant	4 Reports Submitted during	4 reports by June 2014	Operational	Improved Efficiency	Achieved, 4 reports on MIG grants were submitted to council	-	-	Council reports
	Number of households provided with free basic sanitation	8 920 provided with FBS during 2012/2013	1200 (Ikageleng, GM. Zst & Welb)	Operational		Not Achieved - 896 indigent households provided with FBS	Indigent Register incomplete	Update the indigent register	FBS System Generated Report



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

Achieve audit	clean	Number of reports on implementation of the 2012/2013 Audit recovery report	No reports during 2012/13	2 Reports (3 rd and 4 th Quarter)	Operational	Improved audit report	Achieved, 2 reports on implementation of the audit recovery plan were submitted to council	-	-	Council Resolutions and Copies of reports
		Reports of Asset Management Committee	Committee only established Aug. 13	4 Quarterly reports by June 2014	Operational		Achieved, 4 reports on Asset Management Committee were submitted to council	-	-	Report minutes of committee
		Reviewed SCM policy adopted	SCM policy reviewed during 2012/13	May 2014	Operational		Achieved, SCM policy reviewed	-	-	Copy of policy and council resolution
		Number of SCM Reports submitted to council	4 reports submitted during 2012/13	4 reports submitted by June 2014	Operational		Achieved, 4 SCM reports were submitted to council	-	-	Council Resolution Copies of reports
		Key Performance Indication	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reasons for Deviation	Corrective Measure	Evidence



	Reports on the updated Fixed Asset Register	Fixed Asset Register not compliant – GRAP 17	2 reports submitted by June 2014	Operational		Achieved, 2 update reports on the fixed asset register were submitted	-	-	Council Resolution and Copy of Asset Register
	Develop a GRAP compliant Asset Register	Asset Register not GRAP Compliant	GRAP Compliant Asset Register compiled by June 2014	External Funding (Provincial Treasury)		Achieved, GRAP Compliant asset register was developed	-	-	Complete Asset Register and Council Resolution



KPA 3: Service Delivery and Infrastructure Investment									
THEMATIC AREAS	Basic Services Delivery								
KPA	Service Delivery and Infrastructure Investment								
STRATEGIC OBJECTIVES	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance								
INTENDED OUTCOME	Sustainable delivery of improved services to all households								
OUTCOME 9	OUTPUT 2	Improving access to basic services							
	OUTPUT 4	Actions supportive of the human settlement outcome							
TECHNICAL SERVICES									
Measurable Objective	Key Performance	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reason for Deviation	Corrective Measure	POE



	Indicator								
To Provide Water within the urban areas	Number of Households provided with piped water on site (yard taps, tanks or house connections)	8920 households have access to house connections	60 new connections by 30 Jun 2014	R 200,00	Increased access to services	Achieved, all 8920 plus additional 60 hh were provided with piped water	-		Water Connections Register & Reports
	Number of informal settlement households provided with basic water	600 houses in Groot Marico	20 communal water tabs connected for (325 stands in Ikageleng) provided by 30 Jun 2014	R 200 000,00		Achieved, 20 more informal settlement hh were provided with basic water	-		Water Connections Register
	Number of households provided with free basic water	8920	8920	R876 169-00		Achieved, all 8920 hh were provided with basic water	-		Billing Report/Indigent Register
	Water services	New	14-Jun	Operationa		Not Achieved,	Oversight on	Water	Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	maintenance plan adopted			I		the plan has not yet been started with.	management to have this completed within the required timeframe	Maintenance Plan to be developed in the 2014/15	
	Report on water servitudes secured	New	14-Feb	R1.5m		Not Achieved, no work has been done on this.	Awaiting water Servitude to be registered	The registration of the servitude has been transferred to the LED dept	Copy of a report
	Quarterly reports on adhoc maintenance of boreholes and provision of diesel for pumps	New	Quarterly	Operation		Achieved, 4 reports were submitted to council on maintenance of boreholes and provision of diesel	-	-	Copies of reports and Council Resolution
	Quarterly water quality reports submitted to council	New	Quarterly	R25 000.00		Achieved, 4 quarterly reports on water quality were submitted to council	-	-	Copies of the report and Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

To reduce water loss	Percentage of water loss	Water loss estimated at 26% during 2012/2013	30% by 30 th June 2014	Operational		Not Achieved, only about 10% was achieved by replacing some domestic water meters	Establishing Mechanism of water losses has proved challenging	Solicit assistance from other municipalities in measuring water losses	Reports to council
	Bulk water meters maintained	new	8 to be maintained by June 2014	R 250 000		Not Achieved, maintenance was not done	Cash constraints	Procurement and implementation will be done in 2014/15 with the improved collection	Copy of the report
To Provide Sanitation (within the urban areas)	Number of households provided with access to house sewer connection	8920	60 hh connected to sewer network by June 2014	R 100 000	Access to services and Sustainable development	Achieved, 60 more hh were connected with the sewer network	-	-	Connections Register/Report
	Number of households provided with VIP Toilets (Forced by circumstances to perform this function)	600 Groot Marico during 2012/2013	30 VIP Toilets erected in Kruisrivier by June 2014	R 75 000		Not Achieved, only 6 VIP toilets were erected	Only 6 VIP were erected insufficient equipment and manpower to dismantle ,transport and re-erect	To be completed during the 2014/15	Copy of the report



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

To implement recreational facility projects	Construction of new community hall in ward 11 (Dinokana) – Technical Services	New	Ward 11 Community hall developed by June 2014	R 3 000 000	Access to public facilities	Not Achieved, no work has been done on this.	Delay in sorting land issues on-going construction	Speed up resolution of land disputes	Completion of certificates
To Facilitate provision of access to basic sanitation services (rural areas)	Maintenance plan for sanitation services adopted	New	Maintenance plan for sanitation services developed and adopted by June 2014	Operationa l	Access to services	Not Achieved, no work has been done on this.	Oversight by management to have this completed by the required timeframe	Ongoing to be completed by Dec 2014	Copy of plan and Council Resolution
	Quarterly reports on maintenance of sanitation service (sewer, dry sludge, sewage works)	4 Reports submitted during 2012/2013	Quarterly	Operationa l		Not achieved, only 1 report was submitted to council	Oversight by management	Reports to be tabled at council as planned	Copy of the report and Council Resolution
	Quarterly reports on water and sanitation quality	4 Reports submitted during 2012/2013	4 (1 report per quarter)	Operation all		Achieved, 4 quartely reports on water and sanitation quality were submitted to council	-	-	Copies of the reports and council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

To Construct, Upgrade and Maintain Roads and Storm-water	Number of Kilometres of roads tarred/paved	8.9 km's tarred and paved during 2012/2013	10.5 km's of roads tarred and paved by June 2014	R30.9 M	Improved mobility and access	Achieved, paved 8.9km road	-	-	Completion Certificates
	No. of Kilometres of road bladed	75 km bladed during 2012/2013	45km bladed by June 2014	Operationa l		Achieved, 75km road bladed	-	-	Job Cards signed off by Manager
	No. of Kilometers of roads gravelled	3km of roads gravelled during 2012/2013	5km of roads gravelled by June 2014	Operationa l		Achieved, 3km road graveled	-	-	Job Cards signed off by Manager
	Square meters of road patched	3000 sqm patched during 2012/2013	4 000m ² patched by June 2014	R1.85m		Achieved, 4000m ² of road patched.	-	-	Copy of the report
	Number of Kilometres of storm-water maintained (cleaning culverts, de-silting, stone pitching, wing walls, kerbs)	45 km's storm-water maintained during 2012/2013	20km's of storm-water to be maintained by June 2014	R 300,00		Achieved	-	-	Copy of the Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

To Facilitate Provision of Electricity (rural areas)	Number of High Mast Lights installed and energized	Installed - 13 Awaiting energizing - 9 - Energized - 4 during 2012/2013	24 installed & Energized (Lobatla, Borakalalo, Rietpan, Mogopa Mmutshweu) by June 2014	R6,000,000		Not Achieved, only 12 HML were energised.	Project is dependent on Eskom	Confirmation was received from Eskom that the 12 HML will be completed during the 2014/15 F/Y	Work Completion certificates
To Provide Electricity (urban areas)	Number of households with access to basic electricity	8 920 during 2012/2013	120 by June 2014	R3.5m	Crime Reduction	Achieved	-	-	Work Completion certificates
	Length of electrical supply network maintained	9,5 km maintained by June 2013	10 km's by June 2014	R750 000		Achieved	-	-	Routine Maintenance Reports
	Number of households provided with access to street/ community lighting	8 920 provided with access to street lighting during 2012/14	100 hh provided with access to SL by June 2014	R 300 000		Achieved	-	-	Work Completion Certificate
	Electricity Network Maintenance Plan	New Project	ENMP developed by June 2014	Operationa l		Not Achieved, the plan has not yet been started	Oversight by management to have the plan	Ongoing to be completed by Dec 2014	Council Resolution



						with.	completed by the required timeframe		
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COMMUNITY SERVICES									
Measurable Objective	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reason for Deviation	Corrective Measure	POE
To sustain clean and safe environment	Number of households provided with refuse removal services in urban areas	9 570 provided with access in 2012/13	9 570 provided with refuse removal services in urban areas	Operational	A safe environment	Achieved	None	None	Billing Reports/ refuse collection schedule
	Develop and approve Integrated Waste Management Plan	New Project	Approved IWMP by June 2014	R 500 000		Approved IWMP by June 2014	Cash flow problems	Budget for in the next financial year	Council resolution
	Number of Anti-littering campaigns	4 campaigns conducted during	4 Campaigns conducted by June 2014	R 50 000		Achieved	None	None	Attendance Register and anti-littering



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	conducted	2012/13							campaigns Report
	One Refuse Truck purchased	new	13-Dec	R1,200,000		-	-	-	Purchase Documents
	Number of mass refuse bins purchased	30 bins in place	15 by Dec 2013	R 200 000		-	-	-	Purchase docs
	Key Performance Indicator	Baseline (2012/13)	Annual Target	Budget		Actual Performance	Reason for Deviation	Corrective Measure	POE
	Ensure fair compliance with License requirements by the Zeerust Land Fill Site	Zeerust Land Fill Site not complying with License req.	Fairly compliant Zeerust Land Fill Site by June 2014	R 300 000		Achieved	None	None	Landfill sites Inspection Reports
Provide Public Safety and compliance with NRTA	Number of traffic safety operations implemented	16 operations implemented during 2012/13	18 operations implemented by June 2014	Operational	Positive perception of safety	Achieved	None	None	Register and Reports



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	Number of joint safety operations conducted	10 conducted during 2012/13	12 to be conducted by June 2014	Operational		Achieved	None	None	Attendance Register and Reports
	% increase in paid traffic fines	60% traffic fined paid during 2012/13	65% of traffic fines paid by June 2014	Operational		Not Achieved	Statistics not yet available	To be reported on during the 1 st Quarter of 2014/2015	Reports
Provide Public Safety and compliance with NRTA	Number of applicants tested for the Learner Licenses	4800 tested in the 2012/13 F/Y	5200 by June 2014	Operational		Achieved	None	None	Copy of the report
	Alignment of the RM Traffic Officers' Code of Conduct with the NRTA	Code of Conduct for TA not aligned with NRTA	Code of Conduct for TA aligned with NRTA by June 2014	Operational		Not achieved, Consultation with department still in progress	Delays in completing the consultation process.	Implement national code of conduct pending consultations	Signed off COC and Council Resolution
	Increase in the number of vehicles tested	703 vehicles tested in the 2012/13 F/Y	819 to be tested by June 2014	Operational		Achieved	None	None	Copy of the report
To provide safe	Implement	Access	Integrated	R 400 000	Safe Working	Not achieved	Cash flow	Budget for it is	Completion



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

working environment for municipal employees	an Integrated access control by June 2014	control not fully implemented during 2012/13	Access Control fully Implemented by June 2014		Environment		problems	new financial year	Certificate
To provide recreational facilities	Number recreational parks developed	Phase 1 of park developed during 2012/13 (Ikageleng)	1 Henryville park fully developed by June 2014	R 150 000	Access to recreational facilities	Achieved	None	None	Completion certificate and copies of invoices
	Number of refurbished entrances and circles	Entrances not refurbished during 2012/13	1 entrance and circles refurbished by June 2014	R 100 000		Not achieved	Department of Environmental affairs approved service provider to do beautification of Zeerust entrances	None	Completion certificate (letter from DEA)
	Number of cemeteries maintained	4 maintained during 2012/13	4 maintained by June 2014	R 50 000		Achieved	None	None	Maintenance Reports
	Number of new	10 cemeteries	10 cemeteries established by	R 830 000		Achieved	None	None	Completion certificates



	cemeteries established	established during 2012/13	June 2014						
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KPA 4: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL RATIONAL

THEMATIC AREAS	LOCAL ECONOMIC DEVELOPMENT and SPATIAL RATIONAL
KPA	Local Economic Development
STRATEGIC OBJECTIVES	Create an environment that promotes development of the local economy and facilitate job creation.



INTENDED OUTCOME	Improved municipality economic viability								
	Improved spatial integration								
OUTCOME 9	OUTPUT3	Implementation of the community work programme							
PLANNING AND DEVELOPMENT – LED									
Measurable Objective	Key Performanc e Indicator	Baseline (2012/13)	Annual Target	Budget	Outcome Indicator	Actual Performance	Reason for deviation	Corrective Action	Evidence
Provide Town Planning Services	Subdivided stands	80 Stands subdivided during the 2012/13 F/Y	90 stands subdivided by 30 June 2014	R 800 000		Achieved	-	-	Approved subdivision Diagrams by Chief Surveyor General
	Developed Vredekoppie heritage Site	New Project	Vredekoppie Heritage Site developed by Jun 2014	R 300 000		Not achieved, no work was done on this kpi	Cash flow constraints-	Boarder fence to be erected in the new Financial Year	Completion Certificate
	Land Audit conducted	None	Land Audit Conducted by January 2014	Operational		Achieved	-	-	Copy of report



To promote Local Economic Development	Number of reports on programmes to support SMMEs and Cooperatives	6 reports submitted in the 2012/13	4 Quarterly	R 100,00	Vibrant local economy	Achieved	-	-	Copy of the report
	Number of cooperatives trained and registered	No Training provided during the 2012/13 F/Y	200 Corporative	R 43 000		Not achieved	Poor attendance of communities at registration	Intensify registration process by engaging Community Radio Station to popularize registration itinerary	Attendance Registers and Certificates
	Number of Municipal LED Forums conducted	No forum in place during the 2012/13	4 Forums to be conducted	Operational budget		Achieved	-	-	Attendance Registers
	Number of SMMEs funded through LED fund	20 SMME's supported during the 2012/13 F/Y	20 wards. 15 per SMME by June 2014	R 365 000		Achieved	-	-	Copy of Report, Council Resolution



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	Number of Report on the establishment of the chicken abattoir	Land provided	4 reports submitted by June 2014	Operational		Achieved	-	-	Copy of the report and Council Resolution
Provide Town Planning Services	Developed Heritage database (tourism route)	New	Heritage Sites Database developed by June 2014	Operational		Not Achieved	Could not be tabled before Council as it was a Special Meeting	To be tabled in the 1 st Quarter of 2014/2015	Copy of the report and Council Resolution.
	Geo – Tech Investigations conducted in: Ntsweletsuku and Lekubu	New	Geo-Tech Investigations conducted for 10 villages by June 2014	R 350 000		Not Achieved	Cash flow constraints	A comprehensive report to be presented to council on the last quarter.	Copy of the report
To promote Local Economic Development	Revitalisation of the brick making machine	Brick making machine not revitalized	Operational brickmaking machine by June 2014	R2m		Not Achieved	Delay in the laying of slab	Project to commence its operations in the 1 st Quarter of 2014/2015	Technical Analysis Report
	Number of jobs created	No jobs created	21 Jobs created by June 2014			Not achieved, only one job	Cash flow constraints	20 General Assistants will	Contract of employment



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	through the Brick Making project	during the 2012/13				created		be appointed in the new Financial Year.	
	Rural Development strategy adopted	None	14-Jun	Operational		Achieved	-	-	Copy of Strategy and Council resolution
	Number of jobs created through LED and other Capital projects	1444	2000	Capital Projects (MIG)		Achieved.	-	-	Employment Contracts and reports
	Facilitate the provision of households with access to basic sanitation - VIP (rural areas)	704 Households provided in 2012/13	30 VIP toilets by 30 June 2014	Operational		Achieved	-	-	Copy of Report signed by MM
	Sanitation needs submitted to NW Department	New	13-Sep	Operational		Achieved	-	-	Copy of Report signed by MM. Housing Sector Plan and the IDP.



Progress Report External Audit Findings

For Financial Year Ended 30 June 2013-14

	of Human Settlement								
	Quarterly reports to council about sanitation in rural areas	New	4 reports	Operational		Achieved	-	-	Copy of Report submitted to Council.
	LED Strategy adopted	Draft	13-Dec	R777 000-00		Achieved-	-	-	Council resolution



VOLUME IV: AUDIT IMPROVEMENT PLAN

INDEX



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
1	Cash and cash equivalents: Errors identified (Ex.100	During testing of cash and bank it was confirmed that bank charges was not posted to the general ledger. During further inspection it was confirmed that bank reconciliations were performed after year end and not on a monthly basis. Thus all reconciling items remain unresolved.	The accounting officer of a municipality must take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept. Perform monthly bank reconciliations and ensure that all reconciling items are resolved on a	Management acknowledges the audit finding, however it should be noted that most of these differences were already identified before the beginning of the audit and were communicated to the auditors and a request for adjustments of the AFS was sought. The request was only granted on the 18th	ACC: CFO RES: Acting Deputy CFO	<ol style="list-style-type: none"> Engage the Auditor General on best resolution of the finding. Capture all 2013/14 reconciling items in the Bank statements and not in the cashbook. Update reconciliations for 2014/15 financial year to date. 	31-Jan-15



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
			timely basis.	October 2014. These adjustments will be processed accordingly as agreed with the auditors.			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
2	Cash and cash equivalents- Information not received as per request for information No. 58(Ex.49)	This is due to inadequate review and quality oversight during the preparation of the financial statements. This would result in incorrect presentation and disclosure of notes to the financial statements.	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes. Prepare regular, accurate and complete financial reports that are supported and evidenced by	1. A listing of reconciling items from previous periods regarding the bank reconciliations of the following bank accounts: Management does not agree with the audit finding, the bank reconciliations provided, include a listing of ALL reconciling items per period for each bank account.	ACC: CFO RES: Acting Deputy CFO	1. Consolidate a list of all reconciling items for 2013/14 financial year and compile such a file. 2. Continue compiling a recon items file for 2014/15	31-Jan-15



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
			reliable information.	<p>2. A detailed listing and supporting documentation of all reconciling item for the following bank accounts as at 30 June 2014 where applicable: Information is available and will be provided to the auditors.</p> <p>3. Investment Register Information is available and will be provided to</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				the auditors.			
3	Audit Committee did not review Municipalities Performance Management System (Ex.39)	During the audit, the municipality could not provide evidence to confirm that: (i) PMS Quarterly reports were reviewed by the audit committee, (ii) an audit report was submitted, at least twice a year, to the municipal council by the audit committee Audit committee was established during the course of the financial year and was not	The accounting officer should review and monitor compliance with applicable laws and regulations. Exercise oversight responsibility regarding financial reporting and compliance and related internal	Since the appointment of the Audit & Risk Committee for the municipality, the Committee has reviewed the third Quarter 2013/14 report and the annual performance report 2013/14 for the municipality during the meeting held for the AFS review discussion meeting on the 25th	ACC: MM RES: Compliance Manager	Tabling of Quarterly reports to IA&RC for review	Quarterly



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>in operation for the full financial year.</p> <p>This has led to the noncompliance with the MFMA as well as applicable regulations.</p>	controls	<p>August 2014.The 01st Quarter 2014/15 Audit & Risk Committee report to council has the details on the assessment by the Audit & Risk Committee on issues of performance management for the municipality. Refer to the attached Committee report</p>			
4	Prior period error: Request for	1. Detailed listing providing a breakdown of all amounts	Management should ensure all	Management acknowledges the audit	<p>ACC: CFO</p> <p>RES: Acting</p>	Compile a file of ALL prior period	31 Jan 2015



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	information submitted relating to RFI 79 is not sufficient (Ex 87)	that make up the R 4 337 931 adjustment to the cash and cash equivalents balance for the 2012/2013 period This listing was however incorrectly prepared as a payment made of R 464 996.97 was recorded as an increase in the bank balance instead of a decrease. This would result in the difference between the detail listing and the adjustment as per the AFS being R 1 137 072.48 2. Detailed listing providing a breakdown of all amounts	adjustments have sufficient support and request are fulfilled within timeframes as per protocol	finding, management has went as far back as June 2012 to try tracing material variances. This process is underdoing and results thereof will be communicated to the auditors.	Deputy CFO	error transactions and ALL transactions that were passed through Accumulated Surplus account for 2014/15	and ongoing



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>that make up the R 384 081 adjustment to decrease the vat payable account for the 2012/2013 financial year</p> <p>The listing has however been incorrectly prepared as it indicates a credit adjustment (increase) of R 377 836.63 whereas the adjustment as per the AFS is a decrease of R 384 081</p> <p>Thus the difference between the decrease adjustment as per the AFS and the amount as per the listing provided is R 761 917.63</p>					



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>3.Point 3-6 as per request for information 79 has not been received nor have we been informed whether or not the municipality has reopened their Vat 201 returns to reflect this correction of error</p> <p>Insufficient supporting information has been obtained to support the adjustments made to comparative figures. Limitation in the testing of the occurrence and accuracy of the adjustments made.</p>					



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
5	SCM-Non-compliance with section 18 of the SCM policy (Ex. 133)	<p>Management did not implement adequate controls to withdraw from transacting with known persons in the service of the state.</p> <p>Based on the municipality not making sure that controls are in place the following risk may be evident:</p> <ul style="list-style-type: none"> • Non-compliance with SCM regulation 13(c) • A weakness in the internal control environment, whereby tenders/quotations might not 	<p>Management to make sure that at all time the suppliers should be verified when they submit their MBD4's</p>	Submitted declarations of the suppliers affected	<p>ACC: CFO</p> <p>RES: S.C.M Manager</p>	<p>1. To go through the supplier data base that already exists and call service providers to come declare by filling and signing the MBD4 forms and there MBD4 form should come attached already in the database application form for new registration that is going to be</p>	31 Jan 2015



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		be fair, equitable, transparent, competitive and/or cost effective.				open in January 2015.	
6	PPE: Infrastructure assets could not be traced to the asset register for completeness (Ex. 114)	Lack of management oversight to ensure that all assets that belong to the municipality have been included in the asset register.	Management should ensure that all assets that belong to the municipality have been recorded on the asset register.	Management acknowledges the audit finding. The speed hump will be captured in the register and the asset register will be reviewed again for completeness. The Storm water channel in however in the register but it was incorrectly captured as a Kerb,	ACC: CFO RES: Asset & Liability Manager	Physical verification of assets is going to be conducted early in January. Correct classification of assets, ownership of assets, completeness and valuation of assets will be dealt with accordingly as part of that physical	22 Jan 2015



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				with correct measurements of the storm water and correct picture thereof. The impact is incorrect unit rate was used as the rate of a Kerb was used instead on the rate for Storm water this will result in incorrect valuation. The asset ID for the Kerb /Storm water is RMLM_1395484800493. Correct rate will be used to correct the		verification.	



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				valuation and the Kerb will be reclassified as Storm Water. We are also begging for the opportunity to adjust the error.			
7	PPE: Valuation of infrastructure Assets (EX 201)	Incorrect units rates used for the valuation of Immovable assets. We are unable to verify that infrastructure assets have been valued using appropriate amounts	Strategies should be developed to ensure that supporting evidence for unit rates for infrastructure assets are available when	Management comment not received	ACC: CFO RES: Asset & Liability Manager	I am going to have a meeting with the CFO and the NT advisor to find a way on how I can get hold of the AG to give us a correct and practical recommendation to	22-01-2015



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			required			what they proved to be wrong. As soon as they give us the recommendation we will implement it.	
8	AOPO: IDP does not include budget projections (Ex.102)	MSA section 26(h) requires that an integrated development plan must reflect a financial plan, which must include a budget projection for at least the next three years. Management not fully aware of the requirements of the law. Non-compliance with MSA and Municipal Planning and	Management must ensure that the IDP does include a comprehensive financial strategy covering both operational and capital expenditure requirements of	Management must ensure that the IDP does include a comprehensive financial strategy covering both operational and capital expenditure requirements of the IDP.	ACC: MM RES: Compliance Manager	Include 3 year budget projection in the IDP	31 March 2015



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		Performance Management Regulations.	the IDP.				
9	9. AOPO: PMS does not provide steps for underperformance (Ex.106)	Non-achievement of service delivery targets and such behavior/obstacles might not be remedied timeously or appropriately. Non-establishment and communication of policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities as documented policies and procedures	Management must ensure that policies are compliant with stipulations of the laws and regulations.	Management will during the review of the PMS Framework address all the gaps as identified and as required by the Municipal Planning and Performance Regulations.	ACC: MM RES: Compliance Manager	Review PMS Framework to accommodate measures on how to improve performance	31 March 2015



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		(relevant to non-financial environment) are not in place to guide the operations of the entity to comply with relevant legislation and regulations, e.g GNR 796 and MSA.					
10	AOPO - Fourth quarter report not provided for water quality indicator (Ex. 119)	During the understanding of the detailed performance management process, the fourth quarter report for the indicator: "Quarterly water quality reports submitted to council" was not provided for audit, and we could therefore not verify the achievement of	It is recommended that management ensure the completeness and accuracy of all performance information.	The target for the submission of quarterly reports for water testing was not achieved because only one report was submitted. The said report was submitted to the relevant team	ACC: MM RES: Compliance Manager & Water & Sanitation Manager	Accurate reporting of achievement targets	June 2015



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		the indicator. Performance reports and source documents relating to performance reports may not be complete and accurate and incorrect performance information may be reported.		member. The municipality is during the 2014/2015 financial year keeping records of the monthly reports on the water sample tests.			
11	AOPO: Supporting documentation for communal water taps was not received (Ex.122)	It was established that the municipality's reviewed 2013/14 IDP does not include budget projections, for at least the next three financial years, regarding operational expenditure and capital expenditure for projects (page	Management should ensure complete and accurate records are kept and provided within due time	Management does not agree with the finding. Proof of installation of water taps was submitted to the auditors. Subsequent to that she was provided with copies of invoices/	ACC: Dir Technical RES: Manager Water & Sanitation	Introduction of job cards .As this was a once off Project which was unavoidable, it is likely that it might not recur. Develop guidelines on similar	



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		111 to 123 includes budget projections for the 2013/14 financial year but not the MTERF period). Management not ensuring that supporting documents is kept and accessible at all times. Reported actual performance might not be valid, accurate and complete.		proof of expenditure of material which was bought for the municipal stores.		projects.	
12	AOPO - Corroborating evidence not received regarding measures taken to	There was no corroborating information obtained for improvement of these indicators and how management intends to ensure	Management must ensure that appropriate controls are established	Management comments not received.	ACC: MM RES: Compliance Manager	Stricter reviews to ensure completeness of the quarterly reports to be valid and	31 January 2015



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	improve performance (Ex.123)	that set targets will be achieved for indicators. Measures taken to improve performance were not reported for some targets which were not achieved. Management not ensuring a proper procedures regarding performance reporting are implemented.	(including performance reviews) to ensure that measures taken to improve performance are reported and supported by accurate, complete and valid supporting evidence.			accurate. Development of the checklist	
13	AOPO: Quarterly report for water quality not obtained	During system description that was performed quarterly water quality reports for water	Management must ensure they implement and	The target for the submission of quarterly reports for water	ACC: Dir Technical RES: Water &	Keeping a record and reporting on the water quality	31 January 2015



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	(Ex.126)	<p>samples send for testing at the lab for drinking water were not received.</p> <p>Management not ensuring that information required is properly filed and readily available.</p>	maintain a process of proper record keeping and ensure that this information is readily available.	testing was not achieved because only one report was submitted. The said report was submitted to the auditor. The municipality is during the 2014/2015 financial year keeping records of the monthly reports on the water sample tests.	Sanitation Manager	reports	
14	AOPO - Roads indicators not verifiable for accuracy,	During the understanding of the detailed performance management process, for the indicators listed below, we were	Management must ensure that appropriate controls are	Management does not agree with the finding, as the municipality used alternative means	ACC: DIR Technical RES: Roads & Storm Water	Introduction of job cards, site visits by the unit manager and the director	05th January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	completeness and validity (Ex. 129)	unable to verify the completeness, accuracy and validity of reported information, as we were only provided with the report prepared by the technical services unit for work done from February 2014 – April 2014, detailing the square meters patched per region (Zeerust, Ikageleng, Groot Marico, and Lehurutshe), and the Roads bladed and re-graveled per region (Zeerust, Ikageleng, Groot Marico, and Lehurutshe). We were unable to trace this information to signed	established (including performance reviews) to ensure that reported actual performance is supported by accurate, complete and valid supporting evidence.	of monitoring work done on site, which enables the municipality to track work done and expenditure incurred. However, in improving such controls as per AG's recommendations we have during the 2014/2015 financial year introduced the job cards.	Manager	occasionally.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>daily job cards, or site diaries to confirm actual work done:</p> <ol style="list-style-type: none"> 1. No. of Kilometers of road bladed 2. No. of kilometers of road graveled 3. Square meters of road patched 4. Number of Kilometres of storm-water maintained (cleaning culverts, de-silting, stone pitching, wing walls, kerbs) 					
15	AOPO: Quarterly report for MIG	Quarterly MIG Expenditure report requested for the	Management must ensure they	Management does not agree with the finding.	ACC: MM RES:	Detailed MIG progress reports are	Quarterly



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	Expenditure Fund was not received (Ex.130)	purpose of our understanding of the systems and walkthroughs was not provided by the auditee. Management not ensuring that information required is properly filed and readily available.	implement and maintain a process of proper record keeping and ensure that this information is readily available.	The information was submitted and received by the auditor.	Compliance Manager & PMU Manager	submitted quarterly to Council, A further detailed MIG expenditure report will be incorporated into this report even though Expenditure is reflected in the Report	target
16	AOPO - Indicator not specific and measureable (Ex. 131) Refer to exception 153	Performance indicators that are not accurate enough for their intended use which may result in inaccurate inputs, activities and an adverse impact on the desired outcome	Management should ensure complete and accurate records are kept and provided within	Management comment not received.	ACC: MM RES: Compliance Manager	Review Performance Indicators	February 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		The entity does not specify objectives with sufficient clarity to enable identification and assessment of risks relating to objectives by ensuring that regular reviews and monitoring of compliance with laws and regulations line are in place. Drivers of internal control	due time				
17	AOPO: Planned and reported objectives, targets and indicators not consistent (Ex. 150)	Management did not ensure that planned objectives are consistent with reported objectives.	It is recommended that management ensure that consistency is maintained between planned	Management does not agree with the finding. It should be noted that the IDP document which is a strategic document strives to	ACC: MM RES: Compliance Manager	Alignment of planned and reported objectives	May 2015



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			and reported objectives.	address needs in the entire municipal area where the municipality is not necessarily responsible for performing some of the functions (water, sanitation and electricity) hence the use of the word (facilitate). The SDBIP and Annual Report are therefore specific and the municipality is in this regard only responsible for water			



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				and sanitation provision in the urban areas (Water Services Provider).			
18	AOPO: Performance targets not specific (Ex.151)	The required performance not being specific to ensure that the nature and level of performance are identified might mislead the municipality and its responsible officials in ensuring that the desired outcome and impact on service delivery is achieved. Developed and approved internal policies and procedures for performance information	Management must ensure that set/planned performance targets are specific by identifying the nature and level of performance required to ensure that the desired impact and	Management does not agree with the finding. The phrasing of the deliverable date (target) is informed by the KPI which to us is SMART.	ACC: MM RES: Compliance Manager	Review the KPI's	February 2015



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		management and reporting were not clearly and properly communicated and implemented.	outcome regarding service delivery is achieved.				
19	AOPO: Performance targets not measurable (Ex. 152)	The required performance not being measurable and therefore it will not be possible to measure activities towards these and eventually achievement or non-achievement thereof.	Management must ensure that the set and planned performance targets are measurable.	Management does not agree with the finding. The phrasing of the deliverable date (target) is informed by the KPI which to us is SMART.	ACC: MM RES: Compliance Manager	Ensure adherence to the SMART principles	February 2015
20	AOPO: Indicators not well-defined (Ex.	Indicators not being well-defined might result in the	It is recommended that management	Management disagrees with the root cause and	ACC: MM RES:	Ensure adherence to the SMART	February 2015



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	153)	municipality and its officials not having a clear, unambiguous direction with regards to their responsibilities and processes to follow to facilitate the indicator and eventually the achievement of set targets and make the necessary impact on its community regarding service delivery, thereby not being measurable.	ensure that indicators set/planned are measurable by ensuring that they are well-defined.	the finding. A further one on one engagement with the auditee will assist in this regard.	Compliance Manager	principles	
21	AOPD: Indicators not verifiable (Ex. 154)	Indicators not verifiable might result in the municipality and its officials not having a clear, unambiguous direction with	It is recommended that management ensure that indicators	Management does not agree with the finding. There was however one incident which	ACC: MM RES: Compliance	Ensure adherence to the SMART principles	February 2015



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		regards to their responsibilities and processes to follow to facilitate the indicator and eventually the achievement of set targets and make the necessary impact on its community regarding service delivery.	set/planned are measurable by ensuring that they are verifiable (i.e processes and systems that produce the indicators should be possible to validate).	management acknowledged and it should not be generalized that it is the case with all other KPI's. Understanding of our business in this regard is critical and therefore the directorate kindly invites the auditee to conduct a site visit at all the pump stations to have a better understanding of the	Manager		



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				systems.			
22	AOPO : Could not verify validity ,accuracy and completeness of reported actual performance (Ex.192)	Management not ensuring a proper procedures regarding performance reporting are implemented. Reported actual performance achieved not reliable.	Management must ensure that appropriate controls are established (including performance reviews) to ensure that reported actual performance is supported by accurate, complete and valid supporting	Management's comments not received	ACC: MM RES: Compliance Manager	Develop workshop officials on how to report performance	February 2015



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			evidence				
23	AOPO: Actual performance achieved understated (Ex.206)	Indicators were understated as there was more patching work done than reported. Management not ensuring a proper procedures regarding performance reporting are implemented. Reported actual performance achieved not reliable.	Management must ensure that appropriate controls are established (including performance reviews) to ensure that reported actual performance is supported by accurate, complete and valid supporting	Management comments received	ACC: MM RES: Compliance Manager & Roads & Storm Water Manager	Develop workshop officials on how to report performance	February 2015



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			evidence.				
24	AOPO: Limitation regarding the overall PMS processes (Ex.64)	Contrary to the prescribed law the following could not be supplied; 1. Proof that the Municipal Manager submitted the draft SDBIP together with the Annual Budget to the Mayor for tabling. 2. Proof that the Municipal Manager submitted to the National Treasury and relevant Provincial Treasury in both printed and electronic formats the approved SDBIP within 10 working days their approval.	The Accounting Officer with management should develop a comprehensive checklist of the compliance to said laws and regulations and monitor it on a continuous basis.	(a) Proof that the municipality submitted the draft SDBIP together with the Annual Budget to the Mayor for tabling Management acknowledges the audit finding. (b) Proof that the municipal Manager submitted to the	ACC: MM RES: Compliance Manager	Ensure full compliance with the PMS reporting regulation and timelines	Continuous



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		<p>3. Proof that within 10 working days after the council approved the adjusted budget, the Municipal Manager made public the approved adjusted budget and supporting documentation as well as the council resolution, including amendments to the SDBIP.</p> <p>4. Proof that the monthly budget statements included explanations of material differences in the SDBIP. The Accounting Officer did not maintain adequate oversight over the compliance to laws</p>		<p>National Treasury and relevant Provincial Treasury in both printed and electronic formats the approved the SDBIP within 10 working days after their approval.</p> <p>Management does not agree with the audit finding, these documents were submitted electronically to both National</p>			



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		<p>and regulations as described in the aforementioned legislation.</p> <p>Non-compliance with the provisions of the MFMA and the Local Government Municipal Finance Management Act Municipal Budget and Reporting Regulations as described above.</p>		<p>Treasury and Provincial Treasury in electronic format. Proof of such submission was availed to the auditors and will be availed to the auditors again.</p> <p>(c) Proof that within 10 working days after the Council approved the adjusted budget, the municipal manager made public the approved adjusted</p>			



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				<p>budget and supporting documentation, as well as Council resolution, including amendments to the SDBIP.</p> <p>Management does not agree with the finding, the auditors are looking for a newspaper advert but the municipality made public these documents through other means. A copy of</p>			



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				<p>the public notice that was published at the municipal offices, library, tribal offices and Pick n Pay complex is available for inspection by the auditors.</p> <p>(d) Proof that the monthly budget statements included explanations of material differences in the SDBIP.</p>			



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				Management acknowledges the audit finding.			
25	Accumulated surplus: Limitations and differences noted (Ex.202)	<p>We were unable to agree accumulated surplus as per the Annual Financial Statements to accumulated surplus as per the General Ledger</p> <p>Thus Accumulated Surplus is overstated with R 21 883 192.24</p> <p>We were unable to identify what the "Net Profit Accumulated" as per the</p>	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.	No management responses received.	ACC: CFO RES: Deputy CFO	Compile a file of ALL prior period error transactions and ALL transactions that were passed through Accumulated Surplus account for 2014/15	31 Jan 2015 and ongoing



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		<p>Trail Balance consists of.</p> <p>The value of this as per the Trail Balance was R 10 988 669.92</p> <p>This is due to inadequate record keeping</p>					
26	Completeness: Electronic Receipts (Ex.160)	Lack of management oversight to ensure that all the receipts are sequential and any gaps identified are investigated.	Run timely reports to identify any gaps in receipts and regular review of said reports to investigate reasons therefore.	Management acknowledges the audit finding. This matter has been escalated to the Pastel technicians and is be relooked into.	<p>ACC: DIR</p> <p>RES: ICT Manager</p>	Project Plan on the implementation of Evolution Version 7 has already been completed.	14-Dec-14



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27	Completeness - Cash receipt books (Ex.99)	For testing of completeness of revenue we requested all the receipt books for the financial year and after requesting them we received a listing of all the books. Upon inspecting the listing it was identified that the receipt books are not issued in sequence. The list is also lacking date of issue for some of the receipt books and the books are not limited in use to one financial year. All of the above mentioned are indicators that there exists an	Management should implement an issue register which indicates when the receipt books were issued to whom from which sub-departments and the issuing should be in sequential manner and the date of issue should be clearly indicated.	Management acknowledges the audit finding.	ACC: CFO RES: Revenue & Debt Collection Manager	Develop an Inventory Register for Deposit books	14-Dec-14



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		issue with the completeness of the cash receipt books and further more once we received some of the information one cash receipt book (86401 - 86600) was received which was not on the listing received.					
28	Receivables: Non-Compliance with the MFMA (Ex. 196)	The municipality did not hand over debtors in arrears to attorneys for recovering of monies owing as prescribed by the MFMA and policies of the municipality for the current or prior year period. Senior Management did not	All possible steps should be taken to recover debtors as prescribed in the Municipal Finance Management Act and Credit Policy	Management comment not received.	ACC: CFO RES: Revenue & Debt Collection Manager	Outsource the debt collection	31-Mar-15



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		commit to address compliance and related internal controls. This constitutes noncompliance with MFMA section 64(f) as there is no control over revenue and revenue collection.					
29	Long term liabilities: Differences between the trial balance and the DBSA confirmation (Ex. 61)	During the audit of other financial liabilities, as disclosed in note 15 of the 2013/2014 financial statements, a difference of R248, 706.31 was identified between the general ledger and the DBSA statement of account	Management should prior to finalisation of the financial statements confirm loan balances with banks and bank statements as	Management disagrees with the finding. Please refer to the attached schedule on long term loans for clarification on the loan balances. The auditors seem to have omitted the arrear account balances	ACC: CFO RES: Deputy CFO	We are currently preparing the loan registers that are reconciled to the general ledger on a monthly basis.	Implemented already



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			applicable.	contained in the confirmation provided to them by DBSA.			
30	Long term liabilities: Current portion of long term liabilities understated (Ex. 72)	During the audit of Long term liabilities, as disclosed in note 13 of the 2013/2014 financial statements, it was identified that the current portion of long term liabilities was understated by R378,730.57 compared to the amount of repayments within one year as per the DBSA loan confirmation.	Management should prior to finalization of the financial statements confirm loan balances with banks and bank statements as applicable.	Management disagrees with the finding. Reference is made to the confirmation (attached) which does not go beyond June 2014. A loan amortization schedule was submitted to the AG with the audit file (attached herein for ease of reference) for	ACC: CFO RES: Deputy CFO	We are currently preparing the loan registers that are reconciled to the general ledger on a monthly basis.	Implemented already



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		<p>Inadequate review of the financial statements to the supporting documents before submission.</p> <p>Current portion of long term liabilities is understated by R378 730.57.</p>		the calculation of short term portion			
31	Other financial liabilities : Presentation and Disclosure (Ex.91)	The municipality has 3 loans and in note 13 of the 2013/2014 financial statements reference was only made to 2 loans with the following references, DBSA loan 102400/1 and DBSA 100702/1.	We recommend that management disclose long term liabilities in accordance with GRAP and the applicable Financial	Management does not agree with the finding. The error is due to mapping error, which resulted in the two being combined as one line item. The error will	ACC: CFO RES: Deputy CFO	Financial statements will be reviewed to ensure correct disclosures. Misstatements as a result of omissions and errors will be	On the first set of monthly or quarterly financial statements produced.



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		<p>Also DBSA loan 100121/3 was indicated in the financial statements as "Short term portion of long term loans" in note 13 of the financial statements. Non-compliance of the presentation and disclosure requirements of GRAP 5 and IAS 23.</p> <p>Other financial liabilities are not appropriately presented and disclosed in note 13 to the 2013/2014 annual financial</p>	reporting framework.	be adjusted accordingly.		detected through performing a complete review on the financial statements.	



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		statements					
32	Cash and cash equivalents: Disclosure, No accounting policy in the AFS (Ex.109)	During testing it was identified that the annual financial statements submitted for audit did not contain an accounting policy for cash and cash equivalents as required by GRAP. This is due to inadequate review and quality oversight during the preparation of the financial statements.	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial statements to ensure compliance with the accounting	Management comment not received.	ACC: CFO RES: Deputy CFO	AFS were revised to include the accounting policy disclosures	Already implemented



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			framework.				
33	Cash Receipt: Declaration forms not signed and surplus register not maintained (Ex.137)	<p>1) The cash up declaration forms for Groot Marico and Lehurutshe are not signed by the required people as proof of review.</p> <p>2) There were instances identified were during the day end cash-up more money was received than the total receipts for the day. Further enquiry revealed that there is no register to keep track of this surplus in the event that a</p>	<p>Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.</p> <p>Implemented procedures should be followed Groot Marico and</p>	<p>1. Cash up Declarations not signed</p> <p>Management acknowledges the audit finding, it was an oversight. Management will ensure that cash up declarations will be signed on a daily basis by the senior clerk collections and reviewed by the Accountant Collection.</p>	<p>ACC: CFO</p> <p>RES: Revenue &Debt Collection Manager</p>	<p>1. The Groot Marico &Lehurutshe Declarations will signed by the Senior Clerk Collection as soon as the deposit appears on the Bank statement 2. A register for daily surpluses will be developed 3. All surplus for 2014/2015 will be</p>	31-Dec-14



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		customer claims the money. Also there is no record other than the difference is shown on cash up the declaration. The only form of control relating to this is that the surplus gets banked along with the other receipts of the day. 3) It was noted that although the above mentioned surplus gets banked it is not posted to the general ledger. Thus although the physical bank balance increases there is no record kept of the surplus payment made by the	Lehurutshe as well not only at Ikegaleng and Zeerust. Detailed records should be kept of all surpluses identified during cash-up and along with banking that surplus it should be posted to the general ledger. In the case of the	2. No separate account for excess cash collected Excess cash collected is clearly identified as such in daily cash up slips and is deposited daily with the rest of the day's receipts. At the end of the day the cash collected and deposited agrees. As a result management does not agree to the audit finding that		posted to the GL	



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		<p>customer.</p> <p>4) A general assistant has been accused of embezzlement during the financial year. The value of the unrecovered money is R 10 217.25 and is for hand receipts number. 86155 - 86183. The cash-up was done but the money was never banked. Although the amount was received from the customer in payment of his/her account this was never posted to the general ledger. This occurred at Groot Marico.</p>	<p>embezzlement the receipts should be posted to the general ledger and an expense account created to contra them, for example a theft account.</p>	<p>excess cash is not clearly recorded.</p> <p>3. Embezzlement of funds by an Employee</p> <p>Management acknowledges the audit finding this was an isolated incident and is being dealt with within the municipality's disciplinary processes. Controls have since been strengthened to</p>			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		5) Receipts are booked in batches and for the Receipt No85666 could not be completed as sufficient information linking the receipt to a deposit could not be provide		curb recurring.			
34	Non-compliance with MFMA section 9 (Ex.177)	After inquiring with the relevant people it was noted that the only submission of bank information made was made to National Treasury and it was only a submission of the required information pertaining	The accounting officer should address the identified shortcomings to ensure compliance with the	Management agrees with the finding, we are in constant communication with National Treasury to assist with the forms to be able to submit	ACC: CFO RES: Budget Manager	The forms are submitted to National and Provincial treasuries	Implemented already



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		to the main bank account. Thus the name, type, number and where the account is held for all accounts were not submitted to either Provincial Treasury or to the Auditor - General. The accounting officer did not exercise oversight responsibility over compliance with laws and regulations and internal control.	requirements of the Municipal System Act section 9(a) is met.	information pertaining to all bank accounts to all relevant stakeholders.			
35	Cash and Cash Equivalents: Disclosure note 11	The bank amount is overstated by R4 862 148.14. This is due to inadequate review and quality oversight during the	The financial statements must be reviewed for completeness and	Management acknowledges the audit finding, an adjustment to this effect will be	ACC: CFO RES: Deputy CFO	AFS were revised to agree the amount per Bank statements to the	Already implemented



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	(Ex:58)	preparation of the financial statements.	accuracy prior to final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	made.		notes to the AFS	
36	Adjusted Resolved however internal control deficiency remains Cash and cash equivalents: Classification of	It was identified through discussion with management that two of the investments that make up the short term investment balance in Note 11 to the financial statement have	It was identified through discussion with management that two of the investments that make up the short	Management agrees with the finding. A submission has been made to the Auditors for adjustments to the	ACC: CFO RES: Deputy CFO	AFS were revised to incorporate correct figures in the AFS. Furthermore the GL code for will be generated for the	12-Dec-14



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	short term investments.(Ex:65)	been redeemed during the financial year and therefore the classification and disclosure thereof is incorrect.	term investment balance in Note 11 to the financial statement have been redeemed during the financial year and therefore the classification and disclosure thereof is incorrect. Refer to the amounts in bold below:	referenced line items.		Stanlib investment account	
37	Contingent Liabilities:	Through inspection of the financial statements and	Management should perform	Management comment	ACC: CFO RES: Asset &	AFS were adjusted to incorporate all	Already



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	Incomplete disclosure (Ex 197)	lawyers confirmation we identified that the following list of contingent liabilities was not disclosed in the notes of the financial statements: 1.Imatu obo JH Engelbrecht-R 400,000.00,2.Imatu obo JH Engelbrecht-R 50,000.003.Santago Trading-R 209,621.314. A. Ellemdin-R120,000.00	sufficient and adequate reviews of the financial statements to ensure compliance with all disclosure requirements as per the accounting framework.	still outstanding.	Liability Manager	contingencies.	implemented
38	Employee Related Costs - Third Party Payments (Ex.110)	Management did not maintain adequate oversight over the review of the financial statements before submission.	The financial statements must be reviewed for completeness and	Management does not agree with the audit finding, amounts as reported by the	ACC: CFO RES: Expenditure	Amounts stated by the auditors as an understatement could not be	Jan-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		Difference between EMP 201 Total and Amount as per general ledger is R454 456.00. Third party payments are under-stated.	accuracy prior to final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	auditors do not agree with any amount in the AFS (both Note 25 and 47).	Manager	verified, management still maintains that auditors used incorrect EMP 201 and GL amounts.	
39	Employee Benefits: Disclosure requirements not met (Ex.138)	During the review of the disclosure of employee benefits it was noted the municipality did not disclose the amounts for the current annual reporting period and previous four annual	Management is encouraged to make use of the disclosure checklist which is on the national treasury	Management does not agree with the audit finding, proper disclosures as per GRAP 25 were made in the	ACC: CFO RES: Deputy CFO	Consumer Deposits reconciliations are now done on a monthly basis from July 2014	Immediately / monthly



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		reporting periods as required.	website under MFMA Financial Statements to ensure that the financial statement meet all requirements of GRAP.	AFS as required.			
40	Employee Costs - Request for information not obtained, RFI No. 29 (Ex 14)	Non submission by the relevant parties of information requested by the AGSA staff. 1) A list of all new employees appointed in the current financial period (01 July 2013	All information requested should be made available to the auditors and submitted on time.	Information will be provided	ACC: DIR CORPERATE RES: HR Manager	This matter was resolved during the Audit, as the delayed information was subsequently submitted.	Resolved



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>to 30 June 2014) the list should specify the date of appointment.</p> <p>2) A list of all employees whose services have been terminated (death, retirement, dismissal, ill-health, resignation, etc.) for the current financial period (01 July 2013 to 30 June 2014)</p> <p>3) Month to Month (12 Month VIP report) for council members for the following months (01 July 2013 to 30 June 2014)</p> <p>4) A list of employees who were automatically promoted</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		(those who did not apply for the positions to be promoted) for the period (01 July 2013 to 30 June 2014). The list should specify the rank of the employee before and after promotion. 5) A remuneration listing (VIP 12 month report/salary run) for the financial period (01 July 2013 to 30 June 2014) for the employees of the municipality					
41	Adjusted Employee Benefit: Post-employment medical	During the testing of employee benefits the post-employment medical benefits were disclosed	Management to make use of the GRAP disclosure	Management acknowledges the audit finding and will amend	ACC: DIR CORPORATE RES: HR	SALGA will be engaged with a view of reviewing the	31st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	plan incorrectly disclosed (Ex.161)	as defined benefit plans whereas they are actually defined contribution plans, as the municipality makes contributions to a separate entity being the medical aid companies. The municipality is not entirely responsible for the full liability and will not be liable for any costs that are not covered by the medical aid companies.	checklist which is available on the national treasury website, to ensure that items are disclosed appropriately.	the disclosure in the AFS.	Manager & Accountant Salaries	policy on the matter.	
42	Employee Related	During the course of the audit the, two employees' contracts and supporting documents were	Management should implement adequate record	Management comment not received	ACC: DIR CORPORATE RES: HR	All employees' files will be reconciled with a view of	31st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	Costs - Pays lip deduction authorization not filled (Ex. 164)	not in the employee file misstatement is as follows: Management did not maintain adequate oversight over employee files as well employee documentation. Employee files are not accurately kept which could result in understatement on the financials.	keeping controls to ensure the accuracy of documentation for audit purposes.		Manager & Accountant Salaries	ensuring that all relevant documentations, letter of appointment, acceptance of the offer by the employee, contract of employment and signed job descriptions are included in the employees personnel files.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
43	Employee Related Costs - Difference between VIP and GL (Ex.194)	Employee related costs are not correctly reconciled to the general ledger. Total Misstatement of R 939,904	All amounts from the VIP report should be accurately reconciled to the general ledger.	Management does not agree with the audit finding, the difference is due to the fact that there are employees in the political offices who are not political office bearers and they were incorrectly accounted for in the council vote numbers. Those employees are officials and not councilors and therefore should not be accounted for as	ACC: DIR CORPORATE RES: HR Manager & Accountant Salaries	Monthly reconciliations between the VIP system and the GL are performed to ensure the two systems agree. We will need to be strict and cautious to salary related vote to avoid unnecessary journals. Delay to submit Recons is due to some officials	By end of February 2015 all monthly reconciliations should be done.



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				councilors.		using those vote. (Accountant: Salaries)	
44	Resolved (Internal Control Deficiency Remains): Employee Costs - Request for information not obtained, RFI No. 40 (Ex.27)	Internal control deficiency of record keeping and timeous retrieval of documentation identified. Information was provided late to A.G.	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.	Management acknowledges the audit finding. There were delays in getting the information in the format. This information has since been submitted to the auditors on the 04th October 2014 and duly	ACC: DIR CORPORATE RES: HR Manager & Accountant Salaries	Record keeping is still a major challenge. The sorting of documents was done but it was not indexed properly and some strong rooms are allocated to various departments within	31st January 2015



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				acknowledged.		the municipality.	
45	Employee Related Costs - Overtime exceeds 30% of employees salary (Ex.53)	During the audit of employee costs, we identified overtime payments exceed 30% of the respective municipal's employee's monthly gross remuneration	Management should ensure complete and accurate records are kept and provided within due time	Management acknowledges the audit finding and will ensure that there is proper monitoring, strengthening of controls of the overtime worked by employees.	ACC: DIR CORPORATE RES: HR Manager & Accountant Salaries	We are only paying up to maximum of 40 hour per month as required by law however the payment will be more than 30% of one's salary. We will further consult with our Unit Manager Labour Relation for further clarity. There are employees that	Since there is festive season, the essential services employees will be working and in the absence of standby allowance and shifts within the municipality, it



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						cannot avoid working overtime exceeding the 30% threshold e.g. electrical unit.	cannot be correct to state target date.
46	Employee Benefit Obligation: Conflicting subsidy information (Ex. 69)	During the audit of employee benefit obligation the following differences were noted: The subsidy information as per the actuarial report is as follows - Subsidy Arrangements: The Municipality has agreed to subsidise the medical aid	Management to agree information on the actuarial report to the supporting policy documents which we rely on.	Management acknowledges the audit finding and will review the policy and align it with SALGA requirements and the misstatement identified will be corrected.	ACC: DIR CORPORATE RES: HR Manager & Accountant Salaries	The policy will be reviewed in order to address the deficiency as raised by the office of the Auditor General.	31st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>contribution of retired members in the following way:</p> <ul style="list-style-type: none"> • All new pensioners will receive a 66.3% subsidy during retirement. • Some continuation members (pensioners) that were retired prior to the introduction of the current policy will continue to receive a 70% subsidy. • The municipality does not apply a maximum monthly subsidy cap amount as prescribed by SALGA guidelines. • Members who elect to retire 					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>early will also be eligible to receive post-employment medical aid subsidies. The policy document provided by the municipality states: SALGA HUMAN RESOURCES POLICY DECISIONS POST-RETIREMENT MEDICAL AID SUBSIDIES</p> <p>EXCO on 8 July 2004 adopted the following SALGA Human Resources Policy Decision in respect of Post-Retirement Medical Aid Subsidies:</p> <p>"2. An Employee who retires from employment with an</p>					



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		<p>employer and who, immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:</p> <p>2.1 If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day</p>					



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		<p>immediately prior to the date of his or her retirement. If the employee is 50 years or older on the 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 50% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.</p> <p>3. All current employees in the employ with a local authority or with a municipal entity as contemplated in the Municipal</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>Structures Act, who are not covered by the provisions of resolution 2 above, will not be entitled to the subsidy of his or her medical scheme after retirement with effect from 1 July 2003."</p> <p>In order to give all employees notice of the above, EXCO determined the new implementation date to be 1 January 2005 in all cases where 1 July 2003 is indicated. EXCO further resolved that employees who are medically boarded before normal</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		retirement age will receive the medical aid subsidy until normal retirement age. In the case of early retirement by an employee qualifying for the above, a medical aid subsidy will be approved in terms of the SALGA policy subject to 25 years continuous service with Council. You are advised to take note of the above and make the necessary provision for medical aid contributions after retirement specifically if you are					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		younger than 50 years.					
47	Employee Related Costs - HR Compliance : Acting Positions (Ex.89)	The following officials were acting for a period greater than 3 months: Mr PB Ntheledi Mrs BV Seabi Mr BKS Noke Mr RT Mothusi Mr S Modisane Mr JH Alberts	The accounting officer should address the identified shortcomings to ensure compliance with the requirements of the Municipal System Act section 54 A(2A)(A) and 56(1)(c), with regards to maintain and	1. 1.Ms.BV Seabi has since been appointed as Director Planning and Development in March 2014. 2. 2.Mr. Mothusi is no longer acting Director Corporate services; the post was filled in March 2014. 3. 3.Mr. BKS Noke's acting period as Deputy CFO is not eight months as reported but only	ACC: DIR CORPORATE RES: HR Manager &Accountant Salaries	Acting in critical and funded post should not exceed three months as stipulated in the Municipal Systems Act.	31st December 2014



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			implement the requirements to the staff members	five months. He was also appointed Acting CFO during the CFO's maternity leave tenure for three months.			
48	General Expenditure: System error for duplicate invoice and correction thereof (Ex. 85)	During our testing we identified entries in the general ledger made in July 2014 which relates to goods which were issued from the store room on 31/01/2014. Upon enquiry with the Supply Chain Unit we were informed that the entries made were due to a system error causing the duplication of the	Management should implement adequate review and document recording controls.	Management does not agree with the audit finding. The reversals relate to the 2014/15 financial year and have no bearing on the 2013/14 AFS. The differences identified in 2014/15 will be dealt with in the relevant	ACC: CFO RES: S.C.M Manager	To go and Identify what might really happened on that particular transaction and the other transactions that might be of the same nature to avoid such for the	30 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		invoice recording. Invoices that were captured on 31/01/2014 were captured again on the 4th of July 2014. These transactions were reversed, however on further inspection of the reversal that was processed we identified that the reversals were processed using a different unit price that is system generated than that was used for the initial entry		financial period.		future	
49	Consumer Deposits: Consumer deposit reconciliations not	During the audit of Consumer deposit we discovered that consumer deposit	We recommend that monthly reconciliations be	Management agrees with the finding. The consumer deposit	ACC: CFO RES: Revenue & Debt	Consumer Deposits reconciliations are now done on a	Immediately / monthly



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	prepared on a monthly basis (Ex. 168)	<p>reconciliations were not prepared on a monthly basis but on an annual basis.</p> <p>Oversight by management to ensure reconciling and reviewing of consumer deposits list and the consumer deposits control account during the 2013/2014 financial year end.</p> <p>The reconciliations not prepared could cause a misstatement of the consumer deposits amount in the financial statements. The consumer deposits</p>	prepared and that they be signed and reviewed by the appropriate or delegated officials.	reconciliation are now prepared on a monthly basis and are appropriately reviewed and approved.	Collection Manager	monthly basis from July 2014	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		reconciliations not signed could also cause a misstatement if the reconciliations are not appropriately reviewed and approved.					
50	SCM- Non-compliance with supply chain management policy (Ex. 173)	The following supplier was paid without having a contract with the municipality, no 3 quotations and a deviation report was included, all this resulted on non-compliance with SCM process to procure goods and services 1. WOLTEMADE MOTORS R75	Management should make sure that they obtain 3 quotations if a deviation is identified they should also include the amount in the deviations that are disclosed to the	Management acknowledges the finding and the service was procured as a remedial action to an emergency that occurred when the was no petrol at our stores, during the petrol strike and when the contract	ACC: CFO RES: S.C.M Manager	Contract register to be up to date at all times and the Contract manager should always liaise with relevant end user departments 3 months in advance to alert them of expiring contracts	On going



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>587.82 INT 0378A</p> <p>Extrapolated misstatement 268 601.85 (extrapolated to deviation population)</p> <p>Management didn't obtain 3 quotations for procurement of R10 000 but not more than R200 000</p> <p>Possible under statement of irregular expenditure that is disclosed in the annual financial statement, and non-compliance</p>	council	<p>expired and the process for tendering was unfolding and also awaiting the appointment of the service provider to supply with fuel for a period of 12 months. The matter has been since corrected and the municipality now has a contract with service provider for fuel.</p>		<p>so that S.C.M procedures can unfold.</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		with SCM Policy.					
51	SCM- Contracts not signed by both parties (Ex. 174)	Lack of review by management Non complies with the SCM policy where both parties to a contract needs to acknowledge by signing the contract	Management needs to make sure that all contracts are signed by both parties to a contract	Management acknowledges that contract documents were not signed off, however appointment and acceptance letters have been taken as a contract based on the document as submitted by the service providers between the two parties and as a result terms of the tender as per the tender document	ACC: CFO RES: S.C.M Manager & PMU Manager	The Contracts Manager should at all times ensure that there us a valid SLA between the two parties. To ensure that the unsigned documents are signed by the Municipal Manager and that new contracts are signed off at the time of	on going



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				submitted. Further control measures have been put into place to ensure that all contract documents be signed at the time of appointment by both parties.		appointment	
52	Adjusted Disclosure issues (Ex. 179)	Extract from the Statement of Financial Position as at 30 June 2014: Liabilities Current Liabilities Non-Current portion of long-	We recommend that management adheres to GRAP standards and the applicable Financial reporting framework. A	Management comment not received.	ACC: CFO RES: Deputy CFO	The finding was resolved during the audit, however on an ongoing basis AFS will be reviewed for compliance with	The AFS were adjusted to disclose the split between the current and non-current



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>term liabilities</p> <p>Non-Current Liabilities</p> <p>Non-Current portion of long-term liabilities</p> <p>The following matters were identified:</p> <p>1. There was a change in the accounting estimate of intangible assets and no disclosure of this fact was made in the financials as required by GRAP 3.41-42.</p> <p>2. Incorrectly disclosed the new standards of GRAP that has</p>	<p>GRAP checklist can be used to assist in this regard.</p>			GRAP 1	portion of long term liabilities.



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		<p>been issued but is not yet effective that has not been applied by the municipality as required by GRAP 3.32. GRAP 18 was incorrectly included in this listing.</p> <p>MFMA:</p> <p>The following matters were identified:</p> <p>1. 1. It was identified that the Municipal Infrastructure Grant of R 10 000 000.00 was withheld from the municipality. The financial statements were</p>					



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		<p>inspected and it was noted that no disclosures of funds withheld/delayed have been made.</p> <p>2. After inspection of work performed under other components, confirmed that there were instances of non-compliance with the MFMA but the information relating to the non-compliance was not completely and appropriately disclosed.</p>					
53	Grants and Subsidies: Non-	During our audit it came to our attention that the R 500,000.00	Management should ensure	Management comments	ACC: CFO RES: Budget	Funding authorities will be advised of	31-Jan-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	compliance with MFMA requirements (Ex. 182)	<p>allocated for the Library Grant was not paid to the Municipality's primary bank account it was deposited into the public cheque account no 54351140693</p> <p>The accounting officer did not exercise oversight responsibility over compliance with the MFMA</p> <p>Non-compliance with the MFMA</p>	compliance with all requirements of the MFMA relevant to the Municipality	not received.	Manager	the municipality's primary banking details	
54	Disclosure: No documented process for identifying events	It was identified that the municipality does not have a documented process for	Management should have its process for	Management comment not received.	ACC: CFO RES: Deputy	Process for identifying Post balance sheet	31-Jan-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	after reporting date (Ex 195)	<p>identifying events after reporting date.</p> <p>Management has not formulated a comprehensive internal control system which addresses the critical internal control components such as the documentation of processes to be employed in the identification of events after reporting period.</p> <p>Risk of possible material error in the financial statements</p>	<p>identifying events after reporting period documented.</p>		CFO	<p>events will be formalized and communicated to all unit managers and Directors</p>	



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55	Control matters identified in planning phase (Ex 2)	<p>In the planning phase of the audit the following internal control deficiencies were identified in the understanding of the systems of internal control and risk identified:</p> <p>1. Asset reconciliations It was identified that asset reconciliations are not performed monthly. The asset reconciliations are being performed at the end of the year. No asset reconciliations have been performed up to the</p>	<p>Management should implement the controls identified that resulted in the above deficiency in controls.</p> <p>Management should regularly review controls functioning and maintain oversight over the control environment.</p>	Management comment not received	<p>ACC: CFO RES: Asset Manager</p>	<p>1. We are now preparing the asset register reconciliation on a monthly basis and the control has been implemented since July 2014 .We will reconcile the register to the General Ledger. 2. As part of reconciling the Asset Register to the General Ledger, we</p>	Already implemented



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>period of interim planning. This could result in material difference of assets in the financial statements and assets not being complete.</p> <p>2. Incorrect classification of asset</p> <p>Invoice 294143 was inspected for walkthrough tests. This was for computer equipment, the item was traced to the the general ledger and was found classified under Office equipment. This item is incorrectly allocated, This</p>				<p>also inspect vouchers and ensure that only expenditure that qualifies to be classified as an asset is recorded as an asset and classified under correct category of assets. Where expenditure that does not qualify to be an asset is recorded as an asset, we correct it</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>misclassification of assets in the general ledger could lead to material error of the financial statements.</p> <p>3. No policy for the management of inventory and consumables.</p> <p>In the understanding of the system of internal controls over inventory and consumables it was identified that there is no official policy for the control and management over inventory. The staff performs work according to procedures but</p>				through processing a journal and reverse the expenditure.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>these are not official procedures. No official policy and procedure of the inventory and consumables could lead to error or the misappropriation of assets.</p> <p>4. Bank reconciliations not timeously performed</p> <p>In the understanding of the system of internal controls over bank and cash it was identified that the bank reconciliations are not timeously performed. The following bank accounts were inspected for</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>reconciliations and none was provided by time of interim planning of April 2014:</p> <p>FNB #54351140693 as at 31 January 2014</p> <p>FNB #62200495960 as at 31 January 2014</p> <p>FNB #62224998023 as at 31 January 2014</p> <p>Timeous reconciliations of accounts could lead to error not being identified timeously.</p> <p>5. Overtime Summary not</p>					



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>provided</p> <p>In terms of the description of internal control over overtime the, "Municipal Manager must approve all overtime worked for the municipality, he further checks department's summary and circles any suspicious hours claimed, and then the timesheet is returned to department, and the department will give verbal feedback/explanation to MM, and if satisfied the overtime summary is approved." However during the</p>					



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>walkthrough tests performed on overtime no overtime summaries could be provided. This could lead to incomplete overtime accounted for and unauthorised overtime.</p> <p>6. No MFMA section 32 committee</p> <p>In the understanding of the municipality and the committees established it was identified that the municipality does not have a MFMA section 32 committee to identify and consider instances of irregular,</p>					



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		fruitless and wasteful and unauthorised expenditure. This could result in the incomplete disclosure of the aforementioned expenditures.					
56	Limitation: Journals (Ex 203)	<p>We were unable to obtain the journals amounting to 153,749,700.38 and supporting documents thereof</p> <p>This is due to inadequate record keeping</p> <p>This would result in a material misstatement for the above journal transactions.</p>	<p>Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.</p>	No management responses received.	<p>ACC: CFO</p> <p>RES: Deputy CFO</p>	<p>All journals were provided to the auditors as requested. Going forward a journal file will be compiled and archived for all journals processed</p>	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		REFER ANNEXURE 16				per department	
57	Differences between financial statements and pastel general ledger(Ex.36)	During the review of the adjusted financials provided on 25 September 2014 there were differences between the trail balance and general ledger and the financial statements. Adjustment journals passed on the financial statements was not been passed on the general ledger. Limitation with regards to sample selection of the	Management should pass the required adjustment journals on the general ledger.	The differences identified are due to the adjustment journals which were processed on Caseware and were submitted for audit purposes. These journals were subsequently processed on Pastel.	ACC: CFO RES: Deputy CFO	Already implemented	Resolved



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		indicated components as the full population of the items is not in the general ledger. REFER ANNEXURE 15					
58	Contracted Services & Bulk Purchases - Non Compliance Invoices not paid within due time (Ex.33)	1) In the following instance identified, the invoices selected for testing was not paid within the required 30 day period; Bulk Purchases – Water Invoice Number 91722388, 91756152, 91765682, 91768231,91776461, 91782845, 91788871,	Management should implement payment monitoring controls to ensure that payments are done within the required period to ensure compliance is achieved and to prevent fruitless	Management acknowledges the finding as it relates to the late payment of invoices but however provided proof of payment of selected invoices for A.G to determine payment dates: 08/08/2013 –	ACC: CFO RES: Expenditure Manager	1) Management has already started with the process of procuring date stamps to assist in tracking down the date an invoice was received and to determine when is it due for payment. 2) Proper record	Feb-15



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>91808988, 91830583, 91831508</p> <p>Bulk Purchases – Electricity Invoice Number</p> <p>747520470010, 747521837679, 747525697271/nov, 747524080037/dec, 747524274352/jan</p> <p>2) Also the following invoices did not have proof of payment in order to determine the date of payment:</p> <p>Invoice Number</p>	<p>and wasteful expenditure.</p> <p>Further we recommend that invoice numbers are added on the relevant purchase orders to make the process of tracing the invoice to the purchase order easier and more efficient.</p>	<p>INT0079A</p> <p>08/08/2013 –</p> <p>INT0079A</p> <p>15/07/2014 –</p> <p>INT1766</p> <p>15/07/2014 –</p> <p>INT1766</p> <p>15/07/2014 –</p> <p>INT1766</p> <p>15/07/2014 –</p> <p>INT1766</p>		<p>keeping and filing to be improved to avoid the same problems from recurring; since the system cannot allow us to go back to a period exceeding six months to re-print the proof of payment.</p>	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		747529906634, 747529906634, 747524244366, 747527517869, 747522824294, 747526809410					
59	Compliance: Monthly Budget statements were not published on the municipal website (Ex 78)	During the audit, we went through the municipality's website and confirmed that the monthly budget statements were not uploaded /published on their website. The accounting officer did not review and monitor compliance with applicable laws and	The accounting officer should review and monitor compliance with applicable laws and regulations.	Management acknowledges the audit finding. The municipality's website was only effective after the mid-term. Management will ensure that the Sec 71 reports (monthly budget statements) are	ACC: CFO RES: Budget Manager& ICT Manager	The Municipality will ensure compliance with applicable Laws by ensuring that the monthly budget statements are uploaded on to the Website.	Effective immediately.



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		regulations. This has led to the non-compliance with applicable regulations.		published regularly in the municipality's website.			
60	Monthly Budget statements did not contain explanations of material variances as well as corrective action (Ex 79)	During the audit, we obtained and inspected the monthly budget statements and confirmed that no explanations of material variances on Revenue, Expenditure as well as SDBIP were documented in the monthly budget statements. Furthermore, there were no corrective steps	The accounting officer should review and monitor compliance with applicable laws and regulations.	Management acknowledges the audit finding and will ensure that monthly budget statements include reasons for material variances.	ACC: CFO RES: Budget Manager	Will conduct a budget analysis and require departmental inputs for the explanations on material variances as well as corrective.	Already being implemented



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		documented in the monthly budget statement to ensure that projected revenue and expenditure remain within the municipality's approved budget. The accounting officer did not review and monitor compliance with applicable laws and regulations.					
61	Unauthorised Expenditure: Amount as per Register differs from the AFS	The amount disclosed in the AFS note number 44 differs from that disclosed in the unauthorised expenditure register.	The financial statements must be reviewed for completeness and accuracy prior to	Management agrees with the finding. The disclosed amount of unauthorized expenditure was	ACC: CFO RES: Budget Manager	Month to Month report will be prepared and reviewed by CFO	on going



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	(Ex. 142)	The unauthorised expenditure disclosed in financial statements is overstated by an amount R135 590 000.17	final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	misstated due to additional digit being added to the accurate figure. The item is included in the request for adjustment letter sent to the office of the Auditor General.			
62	Resolved however internal control deficiency remains Distribution losses: Non-disclosure of distribution	Through perusal of the disclosure notes included in the financial statements we identified that the municipality has not disclosed the distribution losses incurred during both the current and	Management should ensure an effective process is in place to monitor distribution losses as well as identify and address the	Management acknowledges the audit finding and will make appropriate disclosures in the annual financial statements.	ACC: CFO RES: Deputy CFO	To disclose distribution losses in the AFS	Ongoing



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	losses(Ex.40)	prior period. Nor has the municipality disclosed the reason for the losses as well as how they arose. Non-disclosure of the above would result in incorrect presentation and disclosure of notes in the financial statements.	underlying factors that cause these losses to arise				
63	Prior period error: Revenue - Information submitted with new financials on 23	During our perusal of information provided with the new financial statements submitted on 24 September 2014 relating to the work done to revenue and receivables for	Management should ensure that all information is kept safely and process are implemented to	1) PROPERTY RATES 210. Revenue: Valuation roll not complete Management agreed	ACC: CFO RES: Revenue & Debt Collection Manager	1. Supplementary valuation roll has been conducted and is in the process of being loaded on the	31-Dec-14



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	September (Ex 28)	the current and prior periods we identified that the following information was not provided regarding prior year qualifications and appears that no work was performed to address prior year qualification as per paragraph 17 - 21 of last years audit report. 1) Property rates 2) Service charges 3) Prepaid electricity accrual 4) Revenue from fines 5) Conditional grants incorrectly expensed resulting in revenue being understated and	address previous audit findings	with the findings however; it should be noted that were there is no market value, properties were not billed, and where the owners were not indicated on the roll, but information to bill was available, properties were billed accordingly. 212. Revenue: No billing for services – Annexure A		system	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>expenditure being overstated by R 4 829 780</p> <p>The municipality did not address prior period qualification within the applicable timeframe</p>		<p>(hardcopies)</p> <p>Management did not agree with the finding.</p> <p>Tapologo Lodge was not billed as the property was not on the valuation roll and Zeerust Plaas like Oorgansraad is a municipal property.</p> <p>There was change on ownership from Gouveia Manuel Alves De to Panzarite</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>Investment (copy of the deeds attached) and Panzarite Investment were billed accordingly. Management did not agree with the finding on electricity consumption. Attached please find the following:</p> <p>a) Approved tariff structure – 2012/13 b) Council Resolution c) Tariff listing from the system</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>Management did not agree with audit findings on water consumption:</p> <p>Municipality use block tariffs method to charge water consumption, which means different tariffs, will be used depending on kilo litres consumed.</p> <p>215. Revenue: Rateable valuation reconciliation not in place – Annexure</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>B (electronic)</p> <p>Reconciliation provided in response to RFI 42.</p> <p>2) SERVICE CHARGES</p> <p>211. Revenue: Incorrect tariffs used – Annexure C (hardcopies)</p> <p>Management did not agree with the finding on electricity consumption. Attached please find the</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>following:</p> <p>a) Approved tariff structure – 2012/13</p> <p>b) Council Resolution</p> <p>c) Tariff listing from the system</p> <p>Management did not agree with audit findings on water consumption:</p> <p>Municipality use block tariffs method to charge water consumption,</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>which means different tariffs, will be used depending on kilo litres consumed. Water tariffs structure also attached</p> <p>213. Revenue: Pre-paid electricity – Annexure D (hardcopies)</p> <p>Response - Management did not agree with audit findings. Requested information was submitted for audit</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>purposes. Same attached.</p> <p>214. Revenue: Incorrect electricity consumption used – Annexure E (hardcopies)</p> <p>Response - Management did not agree with audit findings. Depending on the meter type, there is an applicable meter factor used in</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>determining the consumption for a particular period. Attached please find the meter information extracts indicating applicable factors per meter for the selected sample.</p> <p>3) PREPAID ELECTRICITY ACCRUAL A calculation was done and therefore an adjustment of R 186 875.76 is proposed</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>4) REVENUE FROM FINES</p> <p>A calculation was done and therefore an adjustment of R 1 961 794.57 is proposed,</p> <p>5) CONDITIONAL GRANTS INCORRECTLY EXPENSED</p> <p>207. Revenue: Library Grants expenditure</p> <p>Response – 2012/13 AFS were adjusted</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>accordingly – as per Note 21.</p> <p>217. Revenue: MIG Grant</p> <p>Response - Management will correct this by reversing the R 376 500 and the R 602 761 as disclosed in Note 21 of the 2012/13 financial year.</p>			
64	Prior period error: Consumer Deposits-	During our testing of consumer deposits identified differences	Management should ensure all	Management does not agree with the audit	ACC: CFO RES: Revenue	Reconciliation agrees with the	No action



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	Accurate support not provided timeously (Ex.50)	between the amount as per the financial statements and the consumer deposit reconciliation; Current year amount- R105 973.55 Prior year amount- R112 223.55	listing and sub ledgers agree to the amount presented in the financial statements	finding, the reconciliation provided with the resubmitted AFS agrees back to the AFS. This is available and will be provided again to the auditors and explained to them as well.	& Debt Collection Manager	resubmitted AFS	required
65	Prior period error: PPE additions misstatement(Ex.51)	Management should implement controls to ensure that journals are supported and agree to the relevant supporting documents. Additions relating to the prior	Those charged with governance should ensure all amounts are correctly recorded and have the relevant	The invoice for the Tractor was submitted to the AG already see attached; hence it is incorrect to indicate on the nature that there	ACC: CFO RES: Asset & Liability Manager	We have started during the time of preparing the asset register to ensure that all journals processed are	Implemented already



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		period are misstated. This misstatement is not individually material and will be evaluated in totality with all other misstatements. The extrapolated value is R3 869 516.48.	supporting documents	was no supporting document provided. We agree to the other invoices which were incorrectly capitalized including VAT, and also the duplication found on the movable asset register we have run the test in excel to quantify all the duplicates in the movable asset register which totaled R536 737.28		supported by the relevant supporting documentation and explanation. The process will be continued in all the journals still to be processed. The journals are now reviewed by the asset manager and the Deputy CFO for Validity and Accuracy.	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
66	Adjusted SUM: Property plant & equipment: As per note 3 does not agree to the face of the financial statements (Ex 8)	The depreciation expense as per the statement of financial performance and note 30 does not agree to the depreciation expense disclosed in note 2 & 3 respectively Difference: 2014= R27,596 , 2013= R15,163,135	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	Depreciation is not understated, In the current financial year the difference is a result of depreciation expense not correctly mapped, for prior year the adjustment to depreciation was correctly done using accumulated surplus in the financial system, we needed however to reinstate the figures on the face of the	ACC: CFO RES: Asset & Liability Manager	We will ensure that all adjustments made on the financial system are implemented on the financial statements and the correct votes have been mapped together by reviewing the sections of assets on the financial statements before they are issued. When performing	On the first set of monthly or quarterly financial statements produced.



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				statement of financial performance and this was not done, and we would request the opportunity to correct the financial statements.		the exercise we will ensure that the financial system (GL and the TB) talks together with the financial statements.	
67	Prior period error: Incorrect disclosure (Ex. 86)	The misstatements are non-compliance with the accounting requirements of GRAP 3 the standard governing changes in accounting policy and correction of prior period errors and material understatement of the	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the	Management acknowledges the audit finding and would ensure full compliance with GRAP 3.51 in future. It should however be noted that prior period	ACC: CFO RES: Asset & Liability Manager	Financial statements will be reviewed to ensure correct disclosures. Misstatements as a result of omissions and errors will be detected through	On the first set of monthly or quarterly financial statements produced.



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		prior period disclosure.	financial statements are in agreement with relevant supporting documents.	error figures disclosed, in Note 41, for PPE, Heritage assets, Inventory and Investment properties are adjustments/corrections to the opening balances as at 1 July 2012 not carrying amounts as at 30 June 2013 hence description states Increase/Decrease to opening balance of 2013 with the corresponding entry		performing a complete review on the financial statements.	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				going to Opening Accumulated Surplus/(Deficit)			
68	SCM- Non-compliance to SCM regulation 36(2) (Ex. 134)	<p>The accounting officer didn't make sure that proper controls are in place to confirm that everything that had to be included in the financial statements as per sec 36(2) of SCM regulation.</p> <p>The AFS of the municipality will not include all the amounts that are supposed to be disclosed because other amounts were</p>	<p>The accounting officer should make sure that when deviations are identified that these are taken to the financial statements disclosure as required.</p>	<p>Management acknowledges the finding and will be corrected that condoned deviations as per regulation 36 by council for the financial year be disclosed as a note in the Annual Financial Statement.</p>	<p>ACC: CFO RES: S.C.M Manager & Compliance Manager</p>	<p>All deviations will be disclosed in AFS to ensure that expenditure is not understated</p>	Ongoing



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		proper SCM processes are not followed that could result in irregular or fruitless & wasteful expenditure being understated					
69	Fruitless and wasteful expenditure (Ex. 118)	On inspection of the Eskom statements and the fruitless and wasteful expenditure register that was provided for audit we identified that there is a difference of R 138,913.28. This is due to lack of review and oversight during the preparation of the financial statements	Internal records used in preparation of financial statements must be reviewed for accuracy and completeness before they are used to prepare financial	Management acknowledges the finding and noted that two invoices for Eskom which is February and June were captured twice in the register and will be corrected.	ACC: CFO RES: Expenditure Manager	We will print the monthly transactions from the 9403 fruitless and wasteful expenditure account to update the register on a monthly basis.	Jan-15



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		REFER ANNEXURE 14	statements.				
70	Irregular Expenditure: Amounts as per register does not agree to the amounts disclosed in the notes of financial statement (Ex 167)	The amount disclosed in the AFS note 44 differs does not agree to the amount as per the unauthorised expenditure register, refer to table for difference noted. Amount per Note 46: R18 229 934 Amount per Register: R10 750 161.9 Difference: R7 479 772	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	No management comment received.	ACC: CFO RES: S.C.M	Month to Month report will be prepared and reviewed by CFO	on going



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
71	Resolved: Fruitless and wasteful expenditure: Amounts as per the register do not agree to the amount as per the financial statements (Ex 118)	It was identified that the total amount of fruitless and wasteful expenditure as per the register provided amounting to R 1 719 825.51 does not agree to the amount disclosed in the financial statements of R 1 572 925.00. This results in a difference of R146 900.51. Inadequate review of the financial statements prior to submission to ensure that the amounts stated agree to supporting schedules	Management should implement controls to ensure that amounts stated and adjusted agree to the relevant supporting documents and schedules.	Management is in agreement with the audit finding; however this was brought to the attention of the auditors early in the audit and is part of the letter sent to the Auditor General requesting permission to make necessary adjustments to the Financial Statements. The error is as a result of a formula error in	ACC: CFO RES: Expenditure Manager	AFS will be reviewed and adjustments made for a correct disclosure of the expenditure.	Jan-15



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				MicrosoftExcel where not all sheets were added and this resulted in the figure disclosed in the AFS being the incorrect amount. This will be amended once the request to adjust AFS has been agreed to by the auditors.			
72	PPE: No monthly reconciliations between the GL and the FAR (Ex.116)	During the audit of property, plant and equipment we noted that no monthly reconciliations between the entity's fixed asset register and the general ledger	Management should ensure that monthly reconciliations between the fixed	Management acknowledges audit finding, the municipality was in the process of building up and new	ACC: CFO RES: Asset & Liability Manager	The control has been designed and implemented as from July 2014. It is prepared on a	Already implemented



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		were performed for the current year under review Lack of management oversight to ensure that reconciliations are performed and reviewed to enable identification errors.	assets register and the general ledger is performed to enable identification and correction of errors on a timely basis	GRAP compliant register during the 2013/14 financial period and the process included reconciling the register with GL. Going forward reconciliation will be done on monthly bases as recommended.		monthly basis and are reviewed by the asset manager and the deputy CFO.	
73	PPE: Cost price and Accumulated depreciation as per the AFS does not agree with the FAR	The following differences were noted between the Annual Financial Statements and the Other Assets fixed asset register: Other Asset	The financial statements must be reviewed for completeness and accuracy prior to final submission to	Management acknowledges the audit finding, the accumulated depreciation vote code was incorrectly mapped	ACC: CFO RES: Asset & Liability Manager	A system of asset register has been organised to enhance the accuracy of the calculations on the	23 Jan 2014



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	(Ex. 117)	<p>Factual Difference:</p> <p>CP- Opening: R 1,550,839.81</p> <p>CP- Closing: R 3,013,330.43</p> <p>Accumulated Depreciation</p> <p>Factual Difference:</p> <p>Opening: R -1,550,838.85</p> <p>Closing: R -3,013,329.68</p>	ensure amounts presented in the financial statements are in agreement with relevant supporting documents.	to the cost vote code. An adjustment to this effect will be processed.		depreciation. We will also review the mapping of the asset related votes.	
74	Heritage assets: Disclosure as per prior period error note does not agree to face of financials (Ex: 48)	Disclosure as per prior period error note does not agree to face of financial statements. This is due to inadequate review and quality oversight during the preparation of the	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts	No response from management was received	ACC: CFO RES: Asset & Liability Manager	All the financial statements e.g. monthly, quarterly etc. will be reviewed for completeness and accuracy of	On the first set of monthly or quarterly financial statements produced.



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		financial statements.	presented in the financial statements are in agreement with relevant supporting documents.			disclosures.	
75	Resolved however internal control deficiency remains assets: Incomplete disclosure (EX:46)	It was identified that the useful lives for the intangible assets was changed from amortization over 3 to 7 years to indefinite life intangible assets. This is in the nature of a prior period error. However no disclosure of the prior period error was performed in note 41. Further	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial	Agreed the accounting policy needs to be updated to cater for the intangible assets with indefinite useful life. Also the municipality seeks the opportunity to update prior year error note as a result of	ACC: CFO RES: Asset & Liability Manager	All the financial statements e.g. monthly, quarterly etc. will be reviewed for completeness and accuracy of disclosures.	On the first set of monthly or quarterly financial statements produced.



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		the accounting policy for intangible assets does not mention the accounting treatment for intangible assets with an indefinite useful life as required by the accounting framework.	statements are in agreement with relevant supporting documents.	reinstatement of the intangible assets.			
76	Inventory: Slow moving stock : Insufficient processes in place for managing and identifying slow moving items.(Ex	It was verified that slow moving stock was counted during the final stock count and was not identified as slow moving, it was further identified that the analysis of slow moving stock was not made to other items	Management should ensure that all controls are implements to ensure that compliance with financial reporting	Management acknowledges the finding however, these materials are specialised in their nature (used to repair existing infrastructure) and they can be used	ACC: CFO RES: S.C.M Manager	Slow moving stock will not be counted during final stock count and analysis of slow moving stock will made	on going



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	18)	REFER ANNEXURE 13	requirements.	beyond 12 months. Usage of these materials is as and when the need for repairs arises on the existing infrastructure.			
77	Inventory: insurance contract	It was identified that the insurance contract (for the period July 2013 to June 2014) between Ramotshere Moiloa Local Municipality and Alexander Forbes for inventory and assets amounts to R107 147 436. The breakdown for inventory and assets insured is	Management should review the inventory contract on a regular basis to ensure that inventory are adequately insured	Management does not agree with audit finding, the insurance contract stipulates that comprehensive cover for the buildings and its contents. Auditors can inspect the Lateral Unison contract for	ACC: CFO RES: S.C.M Manager	The Contracts Manager and Assets manager to review the newly appointed insurer in this case Lateral unison to ensure that all the assets of the municipality are	30 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		not stated in the insurance contract and we were unable to determine if the inventory is adequately insured.		details of all items covered.		covered comprehensively and to request for a detailed insured list.	
78	Inventory: Fuel register not reviewed by management.(Ex.97)	It was identified during the audit of inventory that the fuel register is not reviewed daily by a delegated senior officer and signed as evidence thereof. The fuel register for the months of February 2014 and October 2013 was not reviewed.	Management should ensure that monitoring and supervision are taken .	Management does not agree with the finding the fuel register is reviewed by senior official at the stores every month, and the senior official at the stores prepares a monthly summary report for diesel/petrol issued for the month	ACC: CFO RES: S.C.M Manager	Fuel register will be reviewed and signed by the supervisor on daily basis. Manager SCM will review the register on monthly basis monitor the review of the supervisor.	on going



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				the and the reconciliation. The monthly summary report for fuel issued is reviewed by the Unit Manger: Supply Chain Management and signed.			
79	Adjusted SUM Investment Property - Errors identified during physical verification (Ex 23)	The misstatements are not individually material but will be evaluated in totality with other differences. Despite this misstatement being identified with regard to investment property is will also	Management and those charged with governance should regularly ensure that all asset register are accurate, complete	a) Municipal road included as part of the investment property We acknowledge that there is a road on this farm Portion 19 of 240 JP. However in GRAP 16	ACC: CFO RES: Asset Manager	Physical verification of assets is going to be conducted early in January. Correct classification of assets, ownership of assets, and	23 Jan 2015



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		impact both infrastructure as well as community assets part of property plant & equipment	and free of error	the municipality is accounting for the whole farm as it appears in the registrar of title deeds and only reflects the sub-divisions when they are official registered. Therefore, it is against this reason that the said property be kept in the asset register as investment property since the bulk of the land there is no official intent what the land will		valuation of assets will be dealt with accordingly as part of that physical verification.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>be used for as a result the land has been included in GRAP 16.</p> <p>b) Cemetery included in investment property and Size of the ERF</p> <p>The original farm portion as recorded in the Deeds Registry has been subdivided into various land parcels / subdivisions as evident on the ground. However, there is no</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				proof thereof in terms of the Land Surveying Act, No. 8 of 1997 and the Deeds Registration Act, No. 47 of 1937 that would have compelled us as Valuers to alter the land extent of the said farm portion while is still registered in the Deeds Registry as such. Therefore, in our view, the subject farm portion should remain as an investment property			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>with its registered extent.</p> <p>In conclusion, the extent as recorded in the deeds registry still stands and must be recorded as such and be classified as investment property. The cemetery and roads were accounted in GRAP 17 at the replacement cost bases.</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
80	Investment Property: Variance noted in depreciation and accumulated depreciation (Ex 24)	<p>During our recalculation of depreciation expense for the year on investment properties using the straight line method we identified differences in both the depreciation expense as well as accumulated depreciation.</p> <p>1) Differences noted in depreciation expense: R200 412.22</p> <p>2) Differences noted in accumulated depreciation - opening balance: (R2 081</p>	Management should ensure all calculation are reviewed and reconciled to ensure reasonable and accurate	The value and the age of the properties were accessed based on the current condition of the asset. Due to the fact that the historical age records of the properties are not available we are of the opinion that the use of the accessed remaining useful life will be the appropriate way to calculate depreciation in this instance as using	ACC: CFO RES: Asset & Liability Manager	Estimates will be reviewed and changes will be included on the asset policy before the start of the next financial year.	The standards are suggesting that they should be reviewed once a year, before the start of the financial year.



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		415.43)		<p>the estimated useful life has shown that the depreciation will be understated.</p> <p>To establish the relationship which will see the use of estimated useful life and the use of remaining useful life giving the same depreciation expense, the depreciated replacement cost (Cost – Less Accumulated</p>			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				depreciation) will need to be changed without changing the net replacement value.			
81	Adjusted Resolved: Investment Property: Title deeds do not agree with asset register (Ex 25)	During our examination of the title deeds for investment property we noticed the following differences 1) Properties not in the name of Ramotshere Local Municipality Farm land- Erf No 242 of JP (Portion 9) Property was registered in the name of Ikageleng Farmers Co-	Management should perform tests and reviews to confirm accuracy of information presented on the asset register	a) Property not in the name of Ramotshere Moiloa Local Municipality The Deeds dump was sourced from the Deeds Registry and information on it indicates that ownership is vested in the name of	ACC: CFO RES: Asset & Liability Manager	During the asset verification ownership and proof of ownership will be verified and corrected when necessary.	23 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>Operative Ltd as per the title deed inspected</p> <p>2) Size of erf as per title deed does not agree to size as per investment property register: 258 of JP (Portion 282) 242 of JP (Portion 9) 258 of JP (Portion 127) Difference Cost: R216 236.28</p> <p>This is a result of the asset register not agreeing to relevant supporting documents.</p>		<p>Municipality. Inquiry was also done and we agree the property belong to a private individual and as such should not be part of the municipal property. We would request an opportunity to write off this property.</p> <p>b) Size of erf per title deed does not agree to sizes per investment property register.</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				On our individual deeds searches for 258 of JP (Portion 282) still confirms 42,0207ha which is on our deeds dump and on the asset register (see attached Windeed search 258 JP (Ptn 282). Therefore, the land extent is valid and cannot be changed. Consequently, the Auditor General's (AG) findings of 9,6565ha against our 42,0207ha could attest to the			



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				<p>deeds systems error. Attached is the copy of the download of the title deed.</p> <p>Individual search for 258 of JP (Portion 127) also indicates an extent of 123,7189ha while AG's findings indicate 99.0516ha, this also could be attributed to the systems error. Therefore, 258 of JP (Ptn 127) will require to be adjusted should the</p>			



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				<p>opportunity be granted accordingly as per the attached the latest individual Windeed search see attached.</p> <p>Farm 242 of JP (Portion 9) will no longer form part of the asset register as it has been confirmed on Sect 4 (a) above, that it is privately owned the extend will not be revisited as it needs to</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				be written off.			
82	Investment Property: Title deeds and asset register not updated (Ex 26)	<p>1) Erf no. as per title deed- 258 portion 188 does not agree to erf no. as per investment property register- 259 of JP (Portion 188), Cost- R79 000.</p> <p>Upon comparison of the title deed and investment property register we confirmed that both recorded the size of the above mentioned erfs as 12.22 hectares</p> <p>We are therefore of the opinion</p>	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.	Farm 259 of JP (Portion 188) will require to be amended to Farm 258 of JP (Portion 188). This was results of human typing error.	ACC: CFO RES: Asset & Liability Manager	Assets on the asset register will be verified for correct ownership.	23 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		that the erf no as per the investment property register is incorrect as erf 259 portion 188 does not exist and should be erf 258 portion 188					
83	Adjusted SUM: Investment Property - Difference between value of investment property as per the AFS and valuers reports(Ex.42)	During our testing performed we identified a difference between the values used as per the financial statements to the values as per the valuation report; Value as per the financial statements R19 425 401.00	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial statements are in	The opening value of investment property as at 1/07/2012 was understated by R209 728.00 and the opening accumulated depreciation was also understated by the same amount. This makes the impact	ACC: CFO RES: Asset & Liability Manager	Correct valuation of assets will be dealt with during the time of physical verification of assets.	23 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		Value as per supporting documents R19 635 129.00	agreement with relevant supporting documents.	stated above incorrect as the net impact is Zero to the AFS because it was a compensating error which needs to be corrected in the prior year opening balances.			
84	Investments: Matters identified (Ex.159)	1) The maturity date for all investments were requested and could not be provided. Thus insufficient records are kept for these. 2) The investment documentation were not kept in	Adequate controls compliance with internal policies should be monitored. The investment register should be reviewed	Management agrees with the findings, points (1, 2 and 4) however it should be noted that with regard to point 4 and 5 an adjustment request letter was	ACC: CFO RES: Asset & Liability Manager	We are now preparing the investment registers on a monthly basis. The investment registers are prepared and	Already implemented



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>a safe as required by policy.</p> <p>3) No investment reconciliations were done.</p> <p>4) During testing it was identified that interest received from investments are not posted to the general ledger.</p> <p>5) No accrual was made for interest receivable on year end</p> <p>Based on the value of the investment the estimated interest of the accrual is R95 403.36 (total investment: R1 908 067.24.x 5 %(Expected fixed deposit interest rate)</p>	and reconciled on a regular basis at least quarterly.	submitted to the auditors and was agreed upon to pass those adjustments. The statements to follow as annexure to this Communication.		reviewed on a monthly basis. The investment registers have been started since July.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		Inadequate monitoring of adherence to internal policies. Also inadequate review and reconciliations of investment register on a timely basis					
85	Investments: Differences identified. (Ex.188)	A difference was noted between the closing balance as per the bank statement and the balance as per the general ledger and the AFS for the following investments: REFER ANNEXURE O Account No.: 8004 & 8003 Total difference: 575 100.39	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial	Management comments not received	ACC: CFO RES: Asset & Liability Manager	We are now preparing the investment registers on a monthly basis. The investment registers are prepared and reviewed on a monthly basis. The	Already implemented



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		<p>It was noted that the following investment was withdrawn on 25 May 2014 and yet was still carried on the AFS: Account No: 8005 Balance as per AFS: R29 013.07 Balance as per statement: R0.00</p> <p>An investment (Stanlib Unit Trusts Account Status) was identified that was not processed to the General Ledger: R0.00 and was not</p>	statements are in agreement with relevant supporting documents.			investment registers have been started since July.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		included in the AFS: R1 394.54					
86	Resolved(Internal Control Deficiency Remains): Expenditure: Non submission of information (Ex 30)	Request for information number 41 for the following information has not yet been received. The request was issued the 26th September 2014 (before 12 pm) and due on the 30th September 2014; 1) Detailed listing of cell phone / tablet contracts etc. that the municipality is currently entered into or is in existence between the municipality and various service providers as at	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.	Management acknowledges the audit finding. There were delays in consolidating information in the format the auditors are looking for. This however was submitted on the 02 October 2014 and receipt thereof was duly acknowledged.	ACC: CFO RES: Asset & Liability Manager	The contract with MTN has been cancelled with the effect from Friday the 5th of December. The new contract will be monitored and proper filing and documentation will be exercised.	23 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		30 June 2014.					
87	Adjusted Resolved: Finance Leases: Non-disclosure of information in the notes to financial statements(Ex.45)	During our testing of the finance lease obligations we established that the municipality did not have any disclosure notes relating to the finance lease obligation presented in the notes to the financial statements as required by the statement of GRAP did not have any disclosure notes relating to the finance lease obligation presented on the face of the statement of	Preparers of financial statements should ensure disclosure requirements of the applicable Grap standards are followed	Management acknowledges the audit finding as the note was omitted by not activating it in CaseWare however it should be noted that the spreadsheet with the relevant note and amortization schedule was made available to the auditors.	ACC: CFO RES: Asset & Liability Manager	Financial statements will be reviewed to ensure correct, complete and accurate disclosures.	On the first set of monthly or quarterly financial statements produced.



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		financial position.					
88	PPE: Duplicate assets identified on the asset register (Ex. 115)	During the performance of CAAT's, duplicates on the asset registers were identified: REFER ANNEXURE 1	Management should ensure that the fixed asset register is reviewed on a timely basis to ensure that duplicated assets are identified and corrected timeously.	Management acknowledges the finding; the asset register will be cleared for duplicate assets. We will adjust the error on the AFS accordingly.	ACC: CFO RES: Asset & Liability Manager	Duplicate assets will be removed by deleting them from the asset register. A journal has been passed to correct the financial system.	23 Jan 2015
89	SUM: PPE: Backlog	It was identified differences	Management	Management comment	ACC: CFO	A system of asset	23 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	accumulated depreciation (EX 204)	between the opening accumulated depreciation as per the asset register and the recalculated using the Used up portion of the estimated useful to the 30/06/2013: Difference: R576 943.20	should ensure that the correct formulas are used to calculate the opening accumulated depreciation.	not received.	RES: Asset & Liability Manager	register has been organised to enhance the accuracy of the calculations on the depreciation.	
90	Bulk Purchases: Overstatement of the Expense(Ex.32)	This transaction was classified as an expense, and should be classified as a creditors payment reducing the creditors amount as this amount results to payment on a creditor where the expense was raised in the prior period.	Management should implement adequate review controls to ensure reconciliations and reconciling items are identified and	Management acknowledges the misstatement. This misstatement is also included in the submission made requesting that the Annual Financial	ACC: CFO RES: Expenditure Manager	AFS will be reviewed for a follow up on reconciling items and corrective actions thereof.	Feb-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		ESKOM (Bulk purchases - electricity\Technical\Electricity)- INV No. 747524116296: R3 163 133.00	corrected.	Statements be amended accordingly			
91	Prior Period Error: Bulk Purchases Incorrect adjustment amount (Ex 5)	During our testing we identified the amount of the adjustment journal transferring electricity expenses from bulk purchases to general expenditure for reclassification included vat. However the amount originally adjusted was recorded net of Vat in the accounting records of the municipality.	Management should implement controls over the monthly processing and reconciling of transactions.	Management is in agreement with the audit finding. We will adjust the AFS to reflect the adjustment net off VAT.	ACC: CFO RES: Expenditure Manager	Proper payment processing and ensuring whether the invoice amount is VAT inclusive/exclusive will be guarded against each and every invoice captured and payment allocation	Feb-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		REFER (Table on) ANNEXURE 2 The misstatement has the following impact on opening balances; General Expenditure: Overstated by R 132 133.11 Bulk Purchases: Understated by R 132 133.11				thereto.	
92	Repairs and Maintenance: Incorrect classification to repairs and maintenance account	It was identified that an amount of R411 788.69 was initially recognized to the work in progress account and then subsequently reversed to the repairs and maintenance	We recommend that management should reverse the expense of R 411 788.69 to the impairment loss	Management does not agree with the audit finding. In fact, the correct treatment of this would be not to account for the	ACC: CFO RES: Asset & Liability Manager	I will liaise with Asset Manager for when the assessment will be done on existing building and the	Feb-15



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	(Ex. 63)	<p>account. This was due to the Additions and Alterations to the Existing Municipal Offices project construction being halted.</p> <p>It is our opinion that this amount should have been debited to the impairment loss account as it is a result of a decrease in a capital asset or the construction thereof and not in the nature of a repair or the maintenance of an asset.</p>	<p>account from the repairs and maintenance account.</p> <p>Management should also implement review controls to ensure that transactions are GRAP</p>	<p>payment of a retention as an expense as it has already been included previously as part of project costs. The correct treatment therefore would be to reduce the retention liability previously paid with the amount being paid.</p>		<p>expenditure thereof to be impairment loss. (Asset manager comments) IAS 36.6 defines impairment loss as the amount by which the carrying amount of an asset exceeds its recoverable amount. When alterations were made to the buildings it was not as a result of the test of impairment.</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
						There was no impairment test on the buildings for us to be able to classify the expenditure to be an impairment loss. The expenditure incurred on repairing the building qualifies to be classified as repairs and maintenance.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
93	Expenditure: Non-compliance with MFMA sec 65(2) e payments made after 30 days (Ex.66)	During our test of detail we identified that the following invoices were not paid within the 30 days stipulated in the MFMA. The invoices are as follows; REFER ANNEXURE 3	Management should implement payment monitoring controls to ensure that payments are done within the required period to ensure compliance is achieved and to prevent fruitless and wasteful expenditure. Further we recommend that	1. Funeral Costs The municipality will only pay the invoice as per the date of receipt of that invoice by the municipality. It is the policy of the municipality that payments will only be effected once a valid invoice has been received and properly signed off by the relevant department.	ACC: CFO RES: Expenditure Manager	Management has already started with the process of procuring date stamps to assist in tracking down the date an invoice was received and to determine when it is due for payment. This will assist in reducing fruitless and wasteful expenditure charged as interest on late	



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
			the invoices be stamped for date of receipt of invoice in order to adequately identify when the invoice was received	2. Audit Fees Invoices from the Auditor General relating to the first half of the 2013/14 financial year were never received on time by the municipality. The Auditor General only sent statements to the municipality and as stated above payments are only made to invoices and not statements. Communication was		payments.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				sent to the Office of the Auditor General to request these invoices and the response was that these were given to the assigned audit firm (Ramathe Inc). Evidence of correspondence by the municipality to the Auditor General will be availed to the auditors in this regard. These invoices were only received within the second half of the			



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				<p>2013/14 financial year and were paid within 30 days after receipt of these invoices.</p> <p>3. Advertising Fees</p> <p>The municipality will only pay an invoice after it has been received. The date of the invoice does not indicate the date of receipt of that invoice. Sec 65 (2) (e) states that "that all money owing by the</p>			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				<p>municipality be paid within 30 days of receiving the relevant invoice or statement. It does not say 30 days from the date on the invoice. The sampled invoice was paid within 30 days from date of receipt by the municipality.</p> <p>As a result, management does not agree with the audit findings as raised</p>			



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				<p>above.</p> <p>For the invoice does not indicate the date of receipt of that invoice. Sec 65 (2) (e) states that "that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. It does not say 30 days from the date on the invoice. The sampled invoice was paid within</p>			



A	B	C	D	E	F	G	H
No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				30 days from date of receipt by the municipality. As a result, management does not agree with the audit findings as raised above			
94	General Expenditure: Non-compliance with Municipal Supply Chain Management Regulations (Ex 67)	During our testing of expenditure we identified that the municipality did not obtain three quotations for the following services that were provided to the municipality; Invoice No. 6522- R8 070	Management should implement adequate controls to ensure that the municipality complies with the relevant	1. Advertising Management does not agree with the audit finding, quotations were obtained from Sowetan, City Press and The Mail	ACC: CFO RES: S.C.M Manager& Expenditure Manager	1. Sourcing of quotations through an agent (INISWA) was a cheaper option as opposed to directly sourcing quotations from the	Feb-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>Invoice No.477929-31-R2 713.16</p> <p>Non-compliance with Section 16(a) of the Municipal Supply Chain Management Regulations GNR 868 30 May and also incurrence of irregular expenditure.</p>	<p>regulations with regards to quotations and procurement processes.</p>	<p>newspapers prior to procurement through Iniswa promotions.</p> <p>2. Accommodation</p> <p>Management acknowledges the audit finding that three quotations were not sourced as accommodation was urgently needed and quotation was urgently received from the venue were the event</p>		<p>newspaper publications. However, the SCM unit has already started sourcing the three quotations directly from different newspapers to avoid having the same finding the next financial year.</p> <p>2. Strict SCM processes will be followed to ensure</p>	



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				was taking place and was recommended		compliance.	
95	Finance Charges - Classification and disclosure (Ex 92)	During inspection of the General Ledger and additional testing performed it was identified that the amount disclosed as DBSA interest as per the Annual Financial Statements included an amount of R309 240.70 for the interest paid on long overdue accounts for electricity purchases at Eskom. This amount was incorrectly classified as interest paid to the DBSA. This amount	Management should review all records before submitting for audit to confirm the accuracy and the completeness of the listings, and ensure that it agrees to the Annual Financial Statements and other external	Management comments not received.	ACC: CFO RES: Expenditure Manager	AFS will be reviewed for correct classification of all the disclosure items, including finance costs.	Feb-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		should be disclosed as Fruitless and Wasteful. REFER ANNEXURE 4	supporting documents.				
96	SUM: Payables from exchange transactions: No movements in accounts in current year (Ex. 169)	During the audit of payables from exchange transactions we identified accounts mapped under this section that had no movement in the current year (opening balance is the same as closing balance). We cannot confirm whether these amounts are actually owed by the municipality.	We recommend that management follow up on accounts that have no movements.	Management acknowledges the audit finding that there have not been movements in these balances, however this will be looked into and investigated.	ACC: CFO RES: Expenditure Manager	Thorough investigation will be made to identify such accounts first and corrective action will be taken. This and other supplier's accounts affecting the creditors' age analysis will be investigated and	Feb-15



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		REFER ANNEXURE 5				mistakes cleared.	
97	Payables: Amount in the accrual listing/age analysis does not agree to the individual supplier's statement at year end (Ex. 70)	As disclosed in note 15 to the financial statements included in payables from exchange transactions the following trade payables as per the age analysis were not reconciled to the creditor's reconciliation/ creditors statement in the 2013/2014 financial year end: REFER ANNEXURE 5	We recommend that the age analysis be reconciled to supplier statements on a monthly basis to ensure that creditors are correctly valued at year end. Also, suppliers' statements should be requested on a	1. Bakwena Systems: Management does not agree with the finding. The amount per supplier statement at year end excluded June invoices and a payment made after stamen date (26 June 2014). The supplier had not processed a credit note of R 16 000.25 2. Softline Paste (Pty)	ACC: CFO RES: Expenditure Manager	1. Bakwena Systems: Management plans to push for the suppliers to send us monthly statements on time for the recons to be updated timeously. 2. Softline Pastel (Pty) LTD: We will ensure that the supplier account is properly reconciled	Feb-15



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			monthly basis so that reconciliations can be performed timeously.	<p>Ltd Management does not agree with the audit finding</p> <p>3. Henjen Petroleum Management does not agree with the finding. The balance per the Creditors is reconciled as follows: Balance as per GL: R388 191.05 & Less payment not recorded (Bank recon reconciling items) to be processed with</p>		<p>on a monthly basis, accounting for all the transactions thereof as per the supplier's statement and the GL.</p> <p>3. Eskom: The difference on the Eskom account was due to the invoice incorrectly captured as per the repayment arrangement the municipality had with Eskom, instead</p>	



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				4. Management acknowledges the audit findings on other creditors, however it should be noted that reconciliations are mostly prepared for creditors who have had transactions with the municipality in the month, and where there were no transactions in the month then reconciliation is not		of the invoice being captured per invoice amount. Management will ensure every invoice is captured correctly. 4. Henjen Petroleum: The difference was due to the suppliers credit note that was mistakenly not captured on the system. However, such mistakes will	



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				done.		be avoided in the future by ensuring that every month reconciled does not have reconciling differences. 5. Chabane and Associates: The 3000 difference is as a result of the invoice being incorrectly capture with an excess amount of 3000. The payment however was paid	



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						correctly as per the invoice. We will ensure that every invoice is captured correctly before any payment can be effected.	
98	Trade Payables: Monthly, Quarterly and Yearly reconciliations (Ex 71)	It was identified that the creditor's reconciliations in the following instance was not adequately performed: For these items the year end reconciliation was not signed by the	We recommend that monthly reconciliations be prepared and that they be signed and reviewed by the appropriate or delegated officials.	Management does not agree with the audit finding, creditors' reconciliations are only prepared for creditors who have done business with the municipality in a	ACC: CFO RES: Expenditure Manager	1. Monthly creditors' reconciliations were done and will continue to be done, reviewed and signed by the Manager and authorized/approved by the CFO or the	Feb-15



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		<p>appropriate/delegated official;</p> <p>AUD001 (AUDITOR GENERAL) COU001 (COULSON & JACOBS) HEN001 (HENJEN PETROLEUM) SME001 (SMEC SOUTH AFRICA (PTY)LTD) SHI002 (SHIKARI TYRES CC) NAS001 (NASHUA YA BATHO/TAMBURA PROPERTY INVESTMENTS 1)</p> <p>For these items the year end reconciliations was not prepared;</p> <p>BOM007 (BOM -MACH)</p>	<p>The latest creditor's statements should be used to ensure the accuracy and completeness of the creditor's balances.</p>	<p>particular period, where there were no transactions in the month no reconciliations are done.</p>		<p>Acting Deputy CFO.</p> <p>2. Since the monthly reconciliations are done on the coeditor's latest statements, it is impractical to reconcile a month where there were no transactions between the municipality and the supplier.</p>	



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		CVC001 (CV CHABANE & ASSOCIATES) DES002 (DE SWART VOGEL MYAMBO) GSM001 (GSM GEOMATICS) IZI003 (IZIGI ZEAFRICA CONSTRUCTION) TSH016 (TSHIKAMOTHA TRADING AND TRAINING) LET008 (LETLAPA BORWA CIVILS CC) MOR002 (MOREDI TRADING AND PROJECTS)					
99	Adjusted: Creditors with debit balances	Inadequate review controls over the preparation of the	We recommend that management	Management acknowledges the audit	ACC: CFO RES:	Adequate controls and proper review	Feb-15



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	at year end not re-classified as receivables (EX 76)	financial statements to ensure that all creditors with debit balances at year end are correctly allocated to trade and other receivables. Understatement of trade creditors and trade debtors by R395 071.33 respectively.	implement adequate review controls such as a check that all creditors with debit balances at year end be re-classified to receivables to ensure the accurate valuation of trade payables.	finding, an adjustment will be processed to reclassify.	Expenditure Manager	will be implemented to ensure correct classification of all the disclosure items.	
100	AOPO: Minutes of ward committee	Management not ensuring impartial compliance with laws and regulations.	Management must ensure that requested information is	Minutes of the ward committee meetings will be availed to the auditors. Copies of such	ACC: MM RES: Compliance	Keeping a record of all Ward Committee meetings for the	Monthly



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	meetings (Ex.101)	Limitation of scope resulting in possible non-compliance with Municipal Planning and Performance Management Regulations and MSA.	submitted for audit purposes.	minutes are attached.	Manager	financial year	
101	AOPO: Submission of mid-year budget and performance assessment (Ex.103)	MFMA section 72(1)(b)(ii) and (iii)... "Municipality must by 25 January of each year submit a report on such assessment to the National Treasury and the relevant provincial treasury". Management not fully aware of the requirements of the law.	Management must ensure that there are appropriate means to check and monitor compliance with laws and regulations.	Management acknowledges the finding. The finding will be addressed during the 2014/2014 financial year.	ACC: MM RES: Compliance Manager	Ensure timeous submission of Mid-Year budget and Performance Assessments to National Treasury	January 2014



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
102	AOPO: No standard operating procedures for indicators (Ex.104)	It was established that the municipality does not have standard operating procedures detailing the following: 1. Integration of performance information structures and systems within existing management processes and systems 2. Definitions and technical standards of all the information collected by the institution 3. Processes for identifying, collecting, collating, verifying and storing information	Management must ensure that standard operating procedures detailing the technical indicator descriptions and definitions, sources of information, processes for identifying, collecting, collating, verifying and storing information are	The Municipality has subsequently adopted a PMS Framework which guides the processes outlined above and which was only fully implemented during the 2014/2015 financial year.	ACC: MM RES: Compliance Manager	Develop Standard Operating Procedures for indicators	February 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>4. Use of information in managing for results.</p> <p>Non-compliance with National Treasury Framework section 5.2</p> <p>Reported actual performances might not be reliable.</p>	<p>established and implemented to guide the municipality in ensuring reliable information is reported and to standardise such processes/activities that are necessary to give effect to the indicators.</p>				
103	AOPO: Approval/adoption of the PMS framework	It was established that the PMS framework/policy was adopted by council on 12 December	Management must ensure that the required policies	It should be noted that the Municipality did not have PMS System	<p>ACC: MM</p> <p>RES: Compliance</p>	Ensure adoption of PMS Framework	May 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	(Ex.105)	<p>2013 which was half-way through the financial year and after adoption of the 2013/14 final IDP which is in contravention with the regulations.</p> <p>Management not ensuring that required policies are timeously prepared and approved to effect the necessary control environment and compliance.</p>	are prepared and timeously approved to effect the necessary control environment and compliance.	before and it was initiated through support from National Treasury. This finding has been addressed by the end of the financial year.	Manager	with the IDP	
104	AOPO: Publishing of final IDP and Beget	Proof of submission of the adopted final IDP for 2013/14 to the Department of Local	Management must ensure that requested	Management does not agree with the finding. Proof of publishing was	ACC: MM RES: IDP	Publishing of IDP and Budget	April and June 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	(Ex.107)	Government and Traditional Affairs within 10 days after such adoption by council was not submitted for audit purposes. Lack of proper record keeping and access.	information is submitted for audit purposes.	submitted and signed for by Michael Nolan on 9th September 2014. Find attached proof of acknowledgement.	Manager		
105	AOPO: Risk identification, assessment and management regarding PMS (Ex.108)	It was established that the 2013/14 Strategic and Operational Risk Register does not include risks that performance is measured and achieved as the registers only includes strategic risks and not	Management must ensure that risk identification, assessment and management processes includes risks relating to	Risk Management Function was introduced in the municipality during mid-year (Dec. 2013) and provision for the creation of a Manager	ACC: MM RES: Risk Manager	Risk identification and Assessment will be conducted and aligned with the strategic objectives as well as Key Performance	Risk Assessment Report will approved before 31 January 2015,



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		<p>operational risks and the risks are identified for each strategic objective, and operationally (i.e for indicators) and data quality risks (i.e risks regarding the processes that produce data to be reported for indicators and the integrity of such data reported).</p> <p>Lack of implementing appropriate risk management activities to ensure that regular risk assessments, are conducted and that a risk strategy to address the risks is</p>	<p>performance information not being useful, achieved and reliable and it covers all the critical departments and strategic objectives.</p>	<p>Risk Management was approved on 7th January 2014. The first risk assessment was conducted on 27th January 2014. Risk Management was immediately rolled out in the institution before the end of the financial year and such roll out is ongoing. The position was filled in August 2014.</p>		<p>Indicators for all programs. Strategic Risk Register and Operation Register will be updated and monitored on a quarterly basis.</p>	



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		<p>developed and monitored as the risk assessment is not comprehensive and does not cover all critical areas.</p> <p>Objectives, indicators and targets not being useful to the needs of the community and the municipality as mandated and possible over/under-statement of reported actual performance (unreliable reporting) as risks relating to the PMS processes producing data is not identified, assessed and managed/responded to</p>					



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		appropriately.					
106	AOPO - Meter number not included in meter book for new water connection (Ex. 120)	During the understanding of the detailed performance management process for the indicator: "Number of Households provided with piped water on site (yard taps, tanks or house connections)", we inspected the meter registration book for a new connection made for the below transaction, however, we could not confirm actual achievement of the indicator, as the meter reading book did not contain a meter	Management should ensure complete and accurate records are kept and provided within due time	Out of the total population of 23 meters connected during the 2013/14 financial year, only one meter was overlooked. A connection was made and a meter was installed, there was an omission in capturing the meter number on this specific case, however the rest of the connected meters were	ACC: MM RES: Compliance Manager & Water and Sanitation Manager	Introduction of job cards and physical verification of all connections registered by the Unit Manager	01st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>number, indicating that a new water connection had been made, and the individual appropriately billed by the billing department.</p> <p>Name: TekoSelebalo Address: Bok Street Building stand no: 374/5 Description: Water connection Date: 24/06/2014</p> <p>Signature by applicant: TekoSelebalo Payment Amount: R3500.00 Kwit.Nr: 9910</p>		captured.			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		Date: 24/06/2014 Signature: Finance Department					
107	AOPO: No formal request submitted for diesel by councillors (Ex.124)	During system description that was performed it was noted that requests done by councillors for maintenance of boreholes and provision of diesel for them that they are done verbally and that there was no formal documentation which could be obtained to verify the request for diesel.	Management must ensure that processes and procedures are formalised and appropriately implemented.	Management does not agree with the finding. The fact that Diesel was subsequently delivered and signed for by the officials responsible for pumping water is proof enough that there request was formal. Management will however establish a formalized system of requests for diesel from	ACC: MM RES: Compliance Manager	Introduction of written requests for diesel by councilors to be filed.	01st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
				Councillors.			
108	AOPO - Diesel requisition not signed for delivery by pump officer (Ex. 125)	During the understanding of the detailed performance management process for the indicator: "Quarterly reports on adhoc maintenance of boreholes and provision of diesel for pumps" as it was identified, that the requisitioning of diesel for the borehole pumps is done verbally by the request of the ward councillor, and there is no formal requisitioning process and actual proof of monitoring	It is recommended that management implement a formal requisitioning process to safeguard the distribution of diesel from stores and ultimately ensure that quarterly reports are valid, complete	Management does not agree with the finding and there was no request submitted to Management about this communication. Further clarity will be sought from AG with regard to this finding.	ACC: MM RES: Compliance Manager	Councilors to sign for liters of diesel received. Introduction of daily usage registry.	01st January 2015



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		of the diesel in the borehole pumps through, for instance, reports from the foreman responsible for the maintenance of boreholes, reporting actual levels of diesel in the pumps and levels at which they require replenishing. We can therefore not verify the validity of the requisitioning process.	and accuracy.				
109	AOPO - Monthly report and quarterly report not obtained for new sewerage	During the understanding of the detailed performance management process for the indicator: "Number of households provided with	It is recommended that management ensure the completeness and accuracy of all	Management acknowledges the audit finding, there was an omission in presenting the report to council of	ACC: MM RES: Compliance Manager and Water &	Introduction of job cards and physical verification of all connections registered by the	01st January 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
	connection (Ex. 127)	<p>access to house sewer connection", the March monthly report was not provided for audit to verify the achievement of the connection detailed below, and we could therefore not verify the achievement of the target for the third quarter:</p> <p>Name: Dick K. Morake Address: Semanya Cell No: 0834330164 Applicant: Morake Date: 11/03/2014 Place: Zeerust Office: Signed by finance</p>	performance information.	one sewer connection and it will be rectified in the 2014/15 financial year.	Sanitation Manager	Unit Manager	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		Date: 11/03/2014					
110	AOPO - Sanitation and water quality report not received (Ex. 128)	During the understanding of the detailed performance management process for the indicator: "Quarterly reports on water and sanitation quality" the fourth quarter report was not provided by management for audit. We could therefore not verify that the indicator was achieved as reported in the fourth quarter performance report. Performance reports and source documents relating to	It is recommended that management ensure the completeness and accuracy of all performance information.	All the quarterly reports on sanitation quality were submitted except for some reports relating to the water quality. Management will ensure that in future all the omissions are avoided hence the establishment of an internal audit unit.	ACC: MM RES: Compliance Manager and Water & Sanitation Manager	All reports to be submitted timeously and all issues hindering with submission of the said reports will be ironed out with SCM.	Quarterly target



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		performance reports may not be complete and accurate and incorrect performance information may be reported.					
111	AOPO - Completeness, Accuracy and Validity of indicators not verifiable (Ex. 132)	During the audit of pre-determined objectives, we were unable to confirm the completeness and accuracy of the following indicators due to the reasons provided: REFER ANNEXURE 6	Management must ensure that appropriate controls are established (including performance reviews) to ensure that reported actual performance	Management maintains that the number of households provided with access to water is 8920 (carried forward from previous years) and 23 being achieved for the year under audit out of an annual target of 60, however this KPI	ACC: MM RES: Compliance Manager	The capturing of the KPI should be such that it indicates that 100% of the applications received should be completed.	



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			is supported by accurate, complete and valid supporting evidence.	has since been reviewed to meet the SMART principle in regard to measurability.			
112	AOPO: Indicator not time-bound (Ex. 155)	During the audit of pre-determined objectives, it was identified that the municipality did not report on the indicator: " Number of reports submitted to council on % expenditure on MIG grant" in the Annual performance report, although included under the Technical Services KPA in the SDBIP. We	It is recommended that management ensure that all objectives, targets and indicators are appropriately reported on in the Annual Performance Report to ensure	Management does not agree with the finding. The KPI is talking about the number of reports to Council which was submitted to the auditor. The latter cannot be measured by linking it to being time bound as it relates	ACC: MM RES: Compliance Manager	Ensure adherence of the Indicators to the SMART Principle	February 2015



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		are thus unable to conclude on whether the target is time bound.	that it is complete and accurate.	number of incidents of reporting.			
113	AOPO - Roads Infrastructure Performance Audit Findings (Ex.183)	<p>1 The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure,</p> <p>2 The municipality reported the indicator No. of Kilometres of roads gravelled and its related target: "5km of roads gravelled by June 2014" was reported in the Annual Performance report</p>	Leadership must ensure that Roads Infrastructure policy and plan is drafted, approved and implemented accordingly to appropriately address the social and economic development needs of the municipality	Management comment not received	<p>ACC: MM</p> <p>RES: Compliance Manager and Roads & Storm Water Manager</p>	<p>1. The policy for planning, management and reporting of road infrastructure still ongoing.</p> <p>2. Proper recording and control of records measures to be in place.</p> <p>3. The road maintenance plan</p>	<p>1.30th June 2015</p> <p>2. Ongoing until the 30th June 2015.</p>



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		<p>as: "Achieved 3km of road gravelled". However the target was 5km gravelled and the municipality therefore incorrectly reported the target achieved.</p> <p>3 The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year,</p> <p>4 The municipality does not have a road asset management system in place which records</p>	and its community.			still a draft, still to be approved.	



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		the description and conditions of the roads infrastructure, the life, maintenance planning, maintenance history and back-logs of roads					
114	AOPO: Budget link to SDBIP and funding of activities (Ex.3)	It was identified in the preliminary evaluation of the section of programmes subject to audit that the development objectives, indicators and target have not been allocated a budget amount in the top layer Service Delivery Budget Implementation Plan (SDBIP).	Management should ensure compliance to the regulations and for the SDBIP for the next financial year, 2014/2015, management should ensure that the objectives and	Pre-Determined objectives – Budget link to SDBIP and funding of activities > Management does not agree with finding. The kpis listed on the SDBIP and indicated as "Operational" on the budget are not	ACC: MM RES: Compliance Manager & Facility Manager	Repairs and Maintenance vote under Municipal Buildings be adjusted. Cleaning Materials vote be adjusted. Advertising vote be adjusted. CAPITAL	



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		Management did not adequately review the SDBIP to ensure that all objectives are linked to budget amounts and therefore commensurate with the resources of the municipality to ensure that the objectives are achievable.	the targets are link to budget amounts.	necessarily not budget for, those were indicated as such due to the fact the amount to be spent on the achievement of the kpi will be coming from the operational budget of the municipality and it is not always practical to quantify each and every little expense, for example if we hold a risk assessment workshop, we would be serving tea and coffee		EXPENDITURE vote and budget be provided for Municipal Buildings.	



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				and lunch from teas and coffees already bought as well as spend money on lunch, it is not practical to quantify that amount during planning and that is why it has always been a practice that was agreed with the Department of Local Government that in such cases we indicate "operational" under budget. > Also where kpi "To			



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				maintain municipal buildings", there was just a word error there because both KPI's of number of municipal buildings maintained and number of municipal halls both share the budget indicated of R650,000 the 2 were merged on the budget column. > The same error was on kpi "Final Budget approved" as it is also operational but I see it			



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				<p>appears as a blank on the document sent to you. the signed SDBIP indicates Operational under budget.</p> <p>> "Number of informal settlement households provided with basic water", this KPI has a budget amount indicated of R200K, you might have missed it.</p> <p>> "Number of households provided with free basic water." This KPI also has a</p>			



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				<p>budget amount of R876 169, please check again as you might have missed it.</p> <p>> "Quarterly reports on water and sanitation quality". There was an error on this kpi as the budget amount is Operational. The signed SDBIP indicates this.</p> <p>> "No. of Kilometers of roads graveled" - "Operational" was indicated on the budget column please check</p>			



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				<p>again.</p> <p>> "Square meters of road patched". - A budget amount of R1.85m is indicated under budget column, please check again.</p> <p>> "Number of SMME's funded through LED Fund" A budget amount is indicated there and you also indicated it as an exception, I am not certain why, Please check again on this one.</p>			



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				<p>> "Conducting of a Geo – Tech Investigations" - A budget amount is indicated there and you also indicated it as an exception, I am not certain why, Please check again on this one.</p> <p>> "Number of jobs created through LED and other Capital projects" - on this KPI, it is difficult to quantify the amount to be spent as it will be as a result</p>			



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				of the implementation of MIG projects, however, the kpis been rephrased for the 2014/15 F/Y.			
115	AOPO: Performance assessments for employees below section 57 managers (Ex.81)	It was established that the municipality did not set key performance indicators that inform indicators for all its employees as no work plans, including such key performance indicators and targets, were prepared for and agreed upon by all employees.	Management must ensure that all employees complete and agree on work-plans to ensure alignment of activities and responsibilities to the SDBIP and	It should be noted that the municipality did not fully implement PMS previously, however a PMS Framework was adopted which would guide the cascading of the system to the lower levels. There will be an improvement in the	ACC: MM RES: Compliance Manager	Conduct Performance Assessments for Employees below Section 57 Managers	Quarterly



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		Non-compliance with regulations. Targets per the SDBIP might not be achieved as the municipality does not inform their employees on their responsibilities towards the main objectives of the municipality.	IDP.	2014/2015 financial year. It should further be noted that management is fully capacitated with regard to PMS and this is supported by the fact that PMS has always been implemented at top management level and the process is underway to cascade it to the lower levels.			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
116	AOPO: Performance targets set are not commensurate with available resources and municipality's capacity (Ex.82)	It was established that the municipality's performance targets are not commensurate with available resources and capacity due to the following deficiencies identified: 1. The municipality's 2013/14 reviewed IDP included an organogram for section 57 managers(page 99) and it was identified that the Technical Services and Facilities Management and Corporate Services and Administration did	Management must ensure that all the internal processes and planning documents are aligned to the IDP to ensure service delivery targets are met and appropriately resourced.	1. Management does not agree with the finding. The positions as alluded above did not appear in the 2013/2014 organogram. The position for Facilities Manager was only included in the structure during the review of the structure for implementation during 2014/2015 financial year and	ACC: MM RES: Compliance Manager	Ensure alignment of the IDP and Budget	May 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>not have permanent managers, but individuals acting. The position for manager in the Economic Development, tourism and Agriculture, however remained vacant.</p> <p>2.The IDP was not used as a basis for the preparation of the budget as the budget is not prepared in a manner that links it to the objectives of the municipality, and we could therefore not determine whether financial resources available are commensurate</p>		<p>therefore no one acted in that position. All other position do not exist in the municipality.</p> <p>2. Management does not agree with the finding because during the review of the SDBIP's, our IDP and Budget were aligned.</p>			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>with the performance targets, KPIs and objectives.</p> <p>3. Other rehouses (e.g IT and policies and procedures): The municipality uses MS Office Suite to capture, process and report on performance information. PMS policy exists within the municipality, however, the municipality does not have standard operating procedures which will facilitate implementation of the PMS.</p> <p>Management not having</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		sufficient capacity with regards to the understanding of the laws and regulations.					
117	Provisions: Landfill sites not classified correctly under provision(Ex.90)	It was identified that the Landfill sites for Groot Marico and Lehurutsi are not accounted for under provision for re-habilitation costs. These landfill sites do not have licenses, but the municipality has a constructive obligation to rehabilitate the land as the land was used for dumping purposes. As such the provision should be raised.	Management should ensure that account balances are correctly classified and complete.	Management does not agree with the audit finding, the two landfill sites provision has been raised as per note 14 of the AFS.	ACC: CFO RES: Deputy CFO	Ensure alignment of the IDP and Budget. Finding resolved during the audit	May 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>Related to this, Zeerust landfill site was accounted for on the asset register at a carrying value of R131 038. This does not include the capitalization of the provision.</p> <p>Inadequate controls to ensure that the financial statements meet all the requirements of the GRAP framework.</p> <p>This results in the provisions being understated by the value of the R4 306 000. (as per</p>					



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		Landfill report). The asset related to Zeerust landfill site not capitalized is understated by a maximum of the present value of the provision amount not capitalized of R4 605 000.					
118	Internal Control Deficiency: Trade Receivables: Information not submitted before due date (Ex.112)	Non-submission of information will result in a limitation of scope. This is due to us being unable to test the Receivables from Exchange Transactions due to non-submission of information: General Ledger Acc No.- 7107	All information requested should be made available to the auditors and submitted on time.	Management acknowledges the audit finding.	ACC: CFO RES: Expenditure Manager	Further engagement with the Director Corporate Services and the Executive Manager will continue to assist in having a lease contract in place for the council	Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		RENT- R1 500				employee renting the municipal property. EM's office will provide guidance.	
119	Adjusted SUM: Trade Receivables: Difference between the Debtors Age Analysis and Annual Financial Statements (Ex.113)	The difference is due to journals that were passed between the Debtors Control Account and the Debtors Age Analysis. Receivables from non-exchange transactions and Consumer Debtors are understated with	Management should ensure all amounts presented in the financial statements and the notes agree to all relevant listings.	The difference between the age analysis and the control account was due to journals that were processed through the control account and not through the accounts receivable module. Management had noted that a	ACC: CFO RES: Deputy CFO	Management together with OS Holdings has embarked on a system data cleaning process that will entail reconciling all individual customer accounts to the age	31-Jan-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		R38 190 393.99.		<p>journal processed against customer account 10178 of 35103825.14 was incorrect. The journal below is proposed to correct this:</p> <p>5201 Accumulated surplus R35 103 825.14</p> <p>9302 Consumer Debtors Electricity R35 103 825.14</p> <p>The remaining</p>		analysis and the control account.	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				difference between the control account and the age analysis is R228 391.66			
120	Adjustment Resolved: Receivables: Debtors with credit balances not reclassified as Creditors (Ex. 135)	It was identified that debtors with credit balance amounting to R3 962 270.88 were not reclassified to creditors at the 2013/2014 financial year end. This affects notes 9 and 10 of the financial statements regarding Receivables from Non-exchange transactions and Consumer Debtors.	Management should implement review controls with the submission of the financial statements to ensure that debtors with credit balances as per the debtors age	Management acknowledges the audit finding, and adjustment to this effect will be processed.	ACC: CFO RES: Revenue & Debt Collection Manager	Monthly review of the debtors age analysis to identify debtors with credit balances and reclassify them as creditors at the end of the financial year	Monthly to be completed by 30 June 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>Oversight by management to ensure that the debtors with credit balances as per the debtors age analysis are reclassified to creditors at the end of the financial year end.</p> <p>Misstatement of Receivables and Payables by R 3,962,270.88 respectively.</p>	analysis are reclassified to creditors at the end of the financial year end.				
121	Trade Receivables: Debtors with outstanding balances was not placed on	The following debtors accounts was outstanding for more than 90 days at year end. Inspected their notice of demands. We	Management should ensure that all outstanding accounts should be	Management does not agree with the audit finding. Consumers in Lehurutshe and Groot	ACC: CFO RES: Revenue & Debt Collection	All debtors that 90 days are sent notices and followed	Dec 2014



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	disconnections list (Ex. 144)	further inspected their notice of demands. After 7 days of the notices they did not pay any outstanding amounts. The following debtors were not on the disconnection list: At 30 June 2014: REF ANNEXURE 7	evaluated and in the case of failure to pay outstanding accounts, services must be limited, disconnected or terminated.	Marico cannot be put on disconnection listing as they get supplied electricity by Eskom. Management has limited means to discontinue services in those areas as in terms of the Constitution we cannot discontinue water supply to any household as it is an essential need.	Manager	up after 7 days	
122	Receivables - Net Salary Clearing	As disclosed in note 8 in the Financial Statements included	Management should implement	Management acknowledges the audit	ACC: CFO RES:	We are currently busy proposing	Feb 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	Account (Ex. 146)	<p>in Receivables from exchange transactions is a Net Salary Clearing Account amounting to R 2,971,148.55 (2013: - R 146 579.41) for the current and prior year respectively.</p> <p>Net Salary Clearing Account amounting to R 2,971,148.55 (2013: - R 146,579.41) being a possible suspense account at year end which was not cleared timeously.</p> <p>Receivables from Exchange Transactions is overstated by R</p>	<p>proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting as required by section 62 (1) (b) of the MFMA to ensure that the Net Salary Clearing Account</p>	<p>finding and will process the adjustment to correct the misstatement. This occurred in November 2013 where the payment for third parties and SARS were processed in the net salary clearing account instead of the third party clearing account.</p>	Expenditure Manager	<p>journals to be passed to clear all the duplicates and the misallocations occurred. Salary office will engage management regarding all the proposed journals once they have been finalised.</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		2,971,148.55 (2013: - R 146,579.41) for the current and prior year respectively	amounting to R 2,971,148.55 (2013: - R146 579.41) being a possible suspense account at year end which is cleared timeously.				
123	Adjusted :Trade Receivables: Debtor Clean Water Plant Account (EX 148)	Consumer debtors and Revenue are overstated with R 4,586,898.45.	Management should ensure that the Clean Water Plant Account reconciles with those of the Groot Marico Consumers	Management notes the finding and will amend the financial statements	ACC: CFO RES: Revenue & Debt Collection Manager	Clean water account will be cleared and closed	31-Dec-14



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			and should ensure that it is at a zero balance at month end.				
124	Resolved: Adjusted : Trade Receivables: Difference between the debtors Age Analysis as used by Auditors and Consultants (Ex. 158)	Cause Non-compliance with section 62(1)(c)(i) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA)	The correct debtor age analysis should be given to the auditors and management should ensure that it agrees to the one that was given to the consultants. Difference noted	The difference was due to a timing difference calculation of the impairment and the finalization of various adjustments on accounts receivables. We have calculated the adjustment that will be required on impairment by determining the	ACC: CFO RES: Revenue & Debt Collection Manager	Correct debtor age analysis to be compiled on a monthly basis	monthly to be completed by 30 June 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
			<p>between listing: R 4 683 319.88</p> <p>Amount required to adjust impairment calculation: R 1 053 693.17</p>	<p>difference between the initial impairment on each account and the final aging. The difference is as R 1 053 693.17. Below is the proposed journal to rectify the difference.</p> <p>DR Allowance for Impairment (B/S) R 1 053 693.17</p> <p>CR Debt Impairment (P/L) R 1 053 693.17</p>			



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
125	Consumer Debtors: Unsupported adjustment made (Ex. 190)	The following differences were noted between the AFS submitted on 19 November 2014 and the adjusted AFS submitted on 26 November 2014. Difference Current Period: (R254 134) Prior Period: (R254 134)	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available.	Management comments have not been received as a result this finding is not resolved, the total misstatement of R254 134 is not individually material and will be evaluated with other misstatements in the SUM.	ACC: CFO RES: Revenue & Debt Collection Manager	1. Reconciliation between age analysis & debtors control account 2. Run exception report on a monthly basis	monthly to be completed by 30 June 2015
126	Resolved: (Internal Control Deficiency Remains) SCM:Non	Non-submission of the abovementioned information will result in a limitation of	Management to keep a register of all councilors	Management agrees with the audit finding, however the	ACC: CFO RES: S.C.M	A file of all ID copies and declaration of interest of	31 Jan 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	submission of councillors ID copies and declaration of interest (Ex 11)	scope. This is due to us being unable to confirm the completeness of the related party transactions disclosed in the annual financial statements due to non-submission of information.	including the councillors personal details and there immediate family members as well as any interests that they have, this register to be updated on a financial year basis.	information was subsequently provided to the auditors on the 18th September 2014.		councillors will be kept by office of the speaker and supply chain to ensure compliance and effectiveness of internal controls.	
127	Misstatement - Opening Balances	In the planning phase and assessment of the implementation of the audit action plan it was identified that	Management should implement adequate oversight over the	Management should implement adequate oversight over the corrections to the	ACC: CFO RES: Deputy CFO	A file with all entries passed to the accumulated surplus will be maintained	31 Jan 2015 and ongoing



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>the prior period errors and limitations from the prior period audit have not been substantially addressed with regards to prior period error corrections in opening balances. Management did not maintain adequate oversight over the financial statement reporting process and the implementation of action plans to address the prior year findings.</p> <p>Material misstatement to the financial statements</p>	<p>corrections to the opening balances and ensure that the audit action plan is implemented and evidence to support the adjustments are provided to the auditors for inspection and testing.</p>	<p>opening balances and ensure that the audit action plan is implemented and evidence to support the adjustments are provided to the auditors for inspection and testing.</p> <p>Further management should indicate the planned response to the matters identified in the prior year audit report and indicate a due date</p>		<p>and with supporting documentation and a listing also compiled for ease of retrieval.</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
				for the supporting information			
128	Disclosure: Statement of Changes in Net Assets (Ex.200)	<p>Incorrect disclosure of the Statement of Changes in Net Assets.</p> <p>This is due to inadequate review and quality oversight during the preparation of the financial statements.</p>	The financial statements must be reviewed for completeness and accuracy prior to final submission to ensure amounts presented in the financial statements are in agreement with relevant supporting	Management comment not received.	ACC: CFO RES: Deputy CFO	Finding was resolved during the audit, however AFS will be thoroughly reviewed prior to submission to stakeholders	No action required



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
			documents.				
129	Revenue - Disclosure of Other Income (Ex. 140)	<p>It was identified that note 23 to the financial statements that other income contains another category of other income which is against the principle of understandable information.</p> <p>Extract:</p> <p>23. Other income</p> <p>2014</p> <p>Sale of tender documents 4 000</p> <p>Other income 8</p>	<p>Management should implement controls to ensure the financial statements agree to the principles of GRAP. A checklist can be used in this regards.</p>	<p>Management will amend the note to the AFS to list the items making up the other income.</p>	<p>ACC: CFO</p> <p>RES: Revenue & Debt Collection Manager</p>	<p>The other category of other income will be renamed Sundry Debtors</p>	



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>137 568</p> <p>Excess provision 3</p> <p>493 355</p> <p>11 634 923</p> <p>2013</p> <p>Sale of tender documents -</p> <p>Other income</p> <p>96 399</p> <p>Excess provision</p> <p>-</p> <p>96 399</p>					



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
130	Revenue: Cash receipts are not deposited timeously. (Ex.143)	Cash Receipts are not deposited timeously (within 2 working days). REFER ANNEXURE 8	Management should implement adequate procedures to ensure that cash receipts are timeously banked.	Management acknowledges the audit finding and does not agree. Cash was collected by the security company. Earlier in the year, FNB Zeerust was not accepting bulk cash deposits from the security company and the cash collected had to deposit bulk cash in Mafikeng branches. Cash was never left at	ACC: CFO RES: Revenue & Debt Collection Manager	This was due to the bulk banking shifted to Mafikeng and has been resolved	



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				the municipal offices during that time lag. Evidence to support cash collections is available for the auditors' perusal and communication regarding Mafikeng deposits will also be availed.			
131	Revenue: Incorrect amount of Property rates was charged (Ex. 157)	During the calculations of property rates, we noted the following property was undercharged during the 2013/14 financial year: REFER	Management must review and ensure that the correct tariffs are used to calculate property	Management acknowledges the audit finding, an adjustment to this effect will be	ACC: CFO RES: Revenue & Debt Collection	Reconciliation of the Billing and Valuation to be done on monthly basis	Monthly to be completed by 30 June 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>ANNEXURE 9</p> <p>An incorrect tariff was used to calculate property rates, which resulted in an incorrect amount being charged.</p> <p>Property rates revenue is misstated by an amount of R331.50. The extrapolated value of the error is R673 928.04 $((R331.50 \text{ (error)} / R12\ 213 \text{ (sample value)}) * R24\ 828\ 607)$</p>	<p>rates to ensure the consumers are billed correctly.</p>	<p>processed.</p>	<p>Manager</p>		



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
132	Receipts: Differences noted (Ex. 166)	<p>The following reasons were identified for the differences:</p> <p>REFER ANNEXURE 10 A</p> <p>1) Receipt MB REC000040830 and receipt MB REC000040832, which are reversals, were processed twice in the general ledger. The value of each individual receipt is R 3 000 and that leaves an unexplained difference of R 5.97</p> <p>2) The entire difference of R 635.14 is unexplained.</p> <p>3) Receipt MB REC000031155</p>	Management should ensure that the correct information is included in the General Ledger	Management acknowledges the audit finding. Reconciliations are underway to determine the root cause.	ACC: CFO RES: Revenue & Debt Collection Manager	Reconciliation of the daily receipts	Daily



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
		<p>was processed twice in the general ledger and was never reversed.</p> <p>The projected misstatement is R 141 166.85</p> <p>B</p> <p>No reason was obtained for this shortage.</p> <p>The projected misstatement is R 506.33</p>					
133	Revenue: Property rates reconciliation	For the following properties there were no tariff and	The accounting officer should take	No management response has been	ACC: CFO RES: Revenue	Reconciliation of the Billing and Valuation	Monthly to be completed by



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
	incomplete (Ex. 199)	property rates billed information in the supporting schedules used by management in the preparation of the rates reconciliation. The "tariff rate and rate chargeable fields" on management supporting schedules are blank. REFER ANNEXURE 11	all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept.	received.	& Debt Collection Manager	to done on monthly basis	30 June 2015
134	Revenue: Non submission of information (Ex 29)	Information requested in request for information no 42 has not been submitted in time. The request was due on the 01 October 2014 and extended to 03 October 2014.	Management should implement adequate record keeping controls to ensure the timeous retrieval and	Information was provided for points 1 – 3 above. It should be noted that for point 4, management has, subsequent to the	ACC: CFO RES: Revenue &Debt Collection Manager	Proper Record keeping control to be implemented	31-Jan-15



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
		<p>1. Details of valuer that prepared the valuation roll (Not received for 2012/2013 period end)</p> <p>2. Declaration of interest confirming no financial personal or other interest is held in with Ramotshere Local Municipality (Not received relating to 2012/2013 period end)</p> <p>3. Document explaining methodologies, assumption and process followed in preparing</p>	<p>submission of documentation for audit purposes.</p>	<p>submission of the Annual Financial Statements, obtain information that confirms that the N4 (Church Street) is owned by SANRAL however an amendment to the assets register has been prepared and will be posted as part of the adjusting journal entries.</p> <p>Delayed submission of</p>			



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		<p>the valuation roll and how property values were determined. The document must also indicate how the preparer has ensured that all properties that should be included have been included and no properties have been missed. (Not received for 2012/2013 period end)</p> <p>4. Confirmation letter from SANRAL confirming the municipalities custodianship of the N4 running through Zeerust</p>		confirmation of ownership of N4, which is deeply regretted, cannot in any way lead to any limitation of scope, as this only relates to confirmation of rights assertion.			



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135	Resolved however Internal Control Deficiency Remains Revenue: Limitation, Information requested not submitted. (Ex.73)	As per request for information no. 83, the following information has not yet been received: The receipt book for the Groot Marico (One book outstanding: 86601 - 86800) and. Local Municipal Offices (One book outstanding: 83401 - 83600)	Management should implement adequate record keeping controls to ensure the timeous retrieval and submission of documentation for audit purposes.	Management acknowledges the audit finding.	ACC: CFO RES: Revenue & Debt Collection Manager	Proper record keeping and reconciliation of used receipt books	Jan 2015
136	Adjusted SUM: Revenue: Completeness of services rendered land sales could not	During the testing of completeness for the services rendered we were unable to trace the following transactions to the general ledger.	Management should implement proper record keeping in a timely manner to ensure	Management maintains a register of all sales of stands. We have however noted that only the payments on	ACC: CFO RES: Revenue & Debt Collection	Debtors for sale of land will be recognized on accrual basis	Jan 2015



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	be confirmed (Ex. 93)	REFER ANNEXURE 12	that complete, relevant and accurate information is recorded to support financial and performance reporting.	the stands were recognized as revenue i.e. no accrual basis of accounting was applied. We have matched each of the AG selections above to the register and we propose the following journals to align the revenue recorded to the register. Sundry Debtors 594 599.00 Revenue- Sale of	Manager		



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				stands 594 599.00			
137	Revenue - Rates Reconciliation (Ex.180)	Through recalculation of the schedule of property rates difference were noted between the schedule received and recalculation done by the auditors. And it will be taken to the summary of unadjusted misstatements. Lehurutshe- R3, 865,212.50 Recalculated amount- R3,952,917.50 Differences- (-R87, 705.00)	The accounting officer should take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept.	No management comments received	ACC: CFO RES: Revenue & Debt Collection Manager	Reconciliation of debtors to be done on a monthly basis	Monthly to be completed by 30 June 2015



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Plan Description	TARGET COMPLETION DATE
138	No policy for journals (Ex 16)	It was identified that the municipality does not have a formal policy in place for the recoding and approval of journal transactions in terms of the delegated persons to prepare and approve of the journals.	Management should implement a formal policy relating to the accounting for journal transactions.	Management acknowledges the audit finding however the auditors should note that the municipality does not have a separate policy for processing and posting of journals. The municipality can provide process flow of how journals are processed and the authorization limits thereof.	ACC: CFO RES: Deputy CFO	Management will develop the journal processes with limits on matrix. This will detail the preparer of the journal, the reviewer and the authorizer as well as amounts involved. All journals posted to accumulated surplus will be authorized by the CFO only.	In progress



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No.	Category	Finding Description	Recommendation by AG	Management Response	Accountable/ Responsible person for action	Action Description Plan	TARGET COMPLETION DATE
139	Investment Property: Non-disclosure of changes in accounting policy(Ex.31)	Through inspection of the financial statements we identified that the accounting policy relating to investment property was changed from the fair value model to the cost model. No details of the changes in accounting neither policy nor its effect on the financial statements as required by GRAP 3 paragraph 31 have been disclosed. Inadequate review and evaluation when preparing the	Management should perform sufficient and adequate reviews of the financial statements to ensure compliance with all disclosure requirements as per the accounting framework.	Management would like to bring to the attention of the auditors that the policy has not been applied and therefore has no impact on valuation as it was an error on phrasing of the policy in the 2012/13 Annual Financial Statements. This has since been corrected and has been rephrased in the submitted set of 2013/14 Annual	ACC: CFO RES: Asset & Liability Manager	Corrected	Already implemented



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		financial statements and accompanying notes to ensure all requirements of the applicable GRAP standards are complied with. The financial statements specifically note 2 investment property have not presented and disclosed all information as required by the accounting framework.		Financial Statements			
140	VAT: Non-compliance with section 55(1)(b) of	Lack of review and monitoring compliance with applicable laws and regulations.	We recommend that management implement proper	Management comment not received.	ACC: CFO RES: Expenditure	Review by managing of the work done by consultants	Feb-15



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	the VAT Act. (Ex 198)	This results in non-compliance with the VAT Act section 55 (1) (b) and (3) (b)	record keeping, to ensure that complete, relevant and accurate information is accessible and available to comply with legislative requirements.		Manager	(Motwenene Consulting) will be done and safeguarding of their work therefor to ensure proper record keeping, which will enable us to provide information whenever is required for review or audit purposes.	

